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## Second Committee

**Summary record of the 8th meeting**
Held at Headquarters, New York, on Monday, 15 October 2007, at 3 p.m.

*Chairperson*: Mr. Le Roux (Vice-Chairperson) ..... (South Africa)

## Contents

Agenda item 52: Macroeconomic policy questions (*continued*)

(b) International financial system and development (*continued*)

(c) External debt crisis and development (*continued*)

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07-53946 (E)

*In the absence of Ms. Lintonen (Finland), Mr. Le Roux (South Africa), Vice-Chairperson, took the Chair.*

*The meeting was called to order at 3.05 p.m.*

**Agenda item 52: Macroeconomic policy questions** (*continued*)

**(b) International financial system and development** (*continued*) (A/62/119 and A/62/71-E/2007/46)

**(c) External debt crisis and development** (*continued*) (A/62/151 and A/62/71-E/2007/46)

1. **Mr. Bagrodia** (India) said that the steadily increasing net transfer of financial resources from developing to developed countries seemed to be supported by the international financial architecture. Reserve accumulation accounted for a significant portion of the resource flow, as a precaution against future crises and was a direct consequence of harmful conditionalities imposed by the Bretton Woods institutions in their lending policies. Those institutions were failing to fulfil their basic mandate and borrowers were increasingly pre-paying their loan obligations rather than continuing with the "policy packages". The structural problems of the international financial architecture had to be addressed urgently.

2. The Bretton Woods institutions needed urgent reform with enhancement of the voice and participation of developing countries. The United Nations should oversee that process and conduct periodic reviews. The newly strengthened Economic and Social Council would be the most appropriate body for implementation. The technical capacity of the Department of Economic and Social Affairs should be strengthened so that it could assist the Economic and Social Council in discharging those functions.

3. The initial reform steps taken by the International Monetary Fund in September 2006 should be carried to their logical conclusion. Reform of the quota formula and a subsequent increase of quotas for all underrepresented countries should be completed by the 2008 spring meetings. Any revision of the quota formula, however, should not reduce quotas for the least developed States and small States. The World Bank should also address the voting weight iniquities in its Board of Governors.

4. The increase in private sector flows to developing countries did not offset the outflow of resources from them. Such flows also included speculative portfolio and equity investments, which were subject to flight at the first signs of turbulence. The goal of enhanced and predictable financing for developing countries had not been achieved. Moreover, private flows were not attracted to social and other development-related sectors. ODA was far below the target of 0.7 per cent of GNI and future projections were also pessimistic.

5. Debt relief had become a significant component of ODA without offering additional aid. The resources allocated to development assistance were much smaller in practice owing to arrears in debt servicing. Countries with the largest arrears were receiving the least from debt relief in terms of freeing resources for development. The International Monetary Fund, as a creditor, had a vested interest in that process and the Economic and Social Council was thus the appropriate oversight body. New measures were needed, such as an international debt commission, to address the problem of developing country debt. In the larger interest of the development agenda, debt cancellation should not impact the financial integrity of international financial institutions.

6. Debt sustainability had to be defined in terms of debt-servicing capacity as well as the allocation of resources in order to meet the Millennium Development Goals. In view of the recent turmoil in the financial markets of developed countries caused by esoteric financial instruments, his delegation also cautioned against new debt instruments. Greater surveillance was needed in the international financial system. He welcomed the revision of the IMF surveillance framework in June 2007 and recalled that, while the role of surveillance in programme countries was curative, in non-programme countries it was preventive.

7. He supported the role of IMF in assisting low-income countries through Policy Support Instruments and other methods. It was important for the Fund to assist countries that did not need or want the Fund's financing. However, the macroeconomic stability goals of IMF were restricting the utilization of much-needed additional aid, particularly through subjective assessments of a country's absorption capacity. That only reinforced the need for comprehensive reform of the Fund. Action was needed rather than words to ensure that an international economic and financial environment conducive to development was created under the guidance of the United Nations.

8. **Mr. Bakr** (Iraq) said that Iraq had entered a new phase following the fall of Saddam Hussein's regime, which had drained the country's economy and destroyed its institutions. The current Iraqi leadership was committed to rebuilding the country's economy, infrastructure and institutions and, most importantly, to establishing the rule of law.

9. The International Compact with Iraq had been launched in May 2007 and was based on political progress, security and the rule of law, and economic reform and reconstruction. The Commission on Public Integrity had been established in January 2007 to promote the rule of law and prevent corruption at all levels of government.

10. In relation to economic reforms, Iraq was in the process of reducing government subsidies, expanding the private sector, promoting investment, restructuring the financial sector and strengthening regional and international economic integration. Other highlights of the past year included implementation of a new investment law and reform of the banking sector. Steps had also been taken to consolidate and improve decision-making in financial policies through a Memorandum of Understanding between the Central Bank of Iraq and the Ministry of Finance.

11. During the launch of the International Compact with Iraq, some of Iraq's creditors had offered commitments on debt relief. He encouraged other States to take actions similar to those taken by members of the Paris Club to alleviate debt incurred under the previous regime. The Iraqi people should not be forced to bear that burden as they sought to build a new Iraq.

12. Iraq also requested a review of the compensation paid by Iraq to Kuwait as a result of Iraq's invasion and occupation of Kuwait in 1990. A request had been made to the Security Council for reconsideration of Iraq's obligations under that programme, especially as Iraq had already paid over $22 billion through April 2007 and was continuing to make payments. The burden was too heavy for the present critical phase of Iraq's democratic and economic transition.

13. Security remained the biggest challenge in implementing Government policies and programmes. Substantial progress had been made towards the assumption of primary responsibility for security in Iraq by its own security forces. The Higher Ministerial Committee for Security Sector Reform had begun its work to ensure respect for human rights.

14. The Kurdistan Regional Government had sought to implement a clear vision for the region within a federal Iraq by setting and meeting high standards of transparency and accountability in governance. Since the collapse of Saddam Hussein's regime, the Kurdistan Region had experienced economic growth which could be considered a model for the rest of Iraq in terms of political and social development, human rights and religious tolerance. The economic programme had been the result of the Region's commitment to private sector development and expanding foreign investment. The Kurdistan Region Investment Law of 2006 provided incentives to foreign investors, and $5 billion of foreign investment was expected in the region by 2010. The regional oil law complied fully with Iraq's constitution and the draft federal oil law and should be a model for transparency and accountability in Iraq and other oil-producing countries. Revenue from oil and gas were the foundation of the economy and would provide financial support for infrastructure reconstruction.

15. Other priorities were eliminating corruption and reforming education. He invited further United Nations involvement in Iraq and particularly in the Kurdistan region, which could serve as the gateway to the rest of Iraq, in order to implement a sustainable development plan.

16. Recently the President of the Kurdistan Region had called for a meeting of Iraq's political leaders on federalism as a means of governance in Iraq. All friendly Member States should support that invitation, which was vital for progress in the political process in Iraq.

17. **Ms. Rodriguez de Ortiz** (Bolivarian Republic of Venezuela) said that her country had been active in the current round of WTO negotiations, promoting the transparency and inclusion that should be part of the decision-making process. Safeguards for the development process should be a mainstream part of the negotiations. Special and differentiated treatment was an essential element for correcting the imbalance in the multilateral trading system and additional, predictable and sufficient resources should be allocated to infrastructure, supply capacity and competitiveness.

18. Her delegation supported any action that strengthened the work of the United Nations

Conference on Trade and Development (UNCTAD), which was the multilateral agency in which developing countries had emphasized the importance of maintaining policy space in view of the increase in trade, the flow of investments, the imbalance of the international financial architecture, information and communication technologies, business development and concern for sustainable development.

19. Her country supported any action to implement the commitments adopted in Doha and Monterrey. The world trading system should benefit the developing countries and should never ask developing countries to open their markets further when developed countries were increasing their protectionist measures. She valued the message delivered by heads of State and Government of other South countries in the recent general debate in plenary, especially in relation to the right of developing countries to more extensive and fairer participation in international world trade. The developed countries should give serious consideration to developing countries' concerns in the context of international trade negotiations.

20. The efforts made by States to reach development goals, including the Millennium Development Goals, should be complemented by an appropriate international environment. The industrialized countries had the responsibility of applying social, financial and macroeconomic policies that supported appropriate and harmonious international growth.

21. The reality of millions of human beings immersed in hunger and poverty showed very clearly that the international financial system had to allow mobilization of all sources of financing for development, especially internal resources, international investment flows, official development assistance, external debt relief and an open, rule-based and non-discriminatory multilateral trading system. Scant progress had been made, in part because of the need for coherence between the international financial system and development and the lack of reference to the specific needs of developing countries in the mandates of international financial institutions. The mobilization of financial resources required a strengthening of public and private financing and of institutional structures to facilitate savings and their channelling to productive investment. The allocation of resources for development served no purpose if they were used to repay external debt. Official development assistance should not be subject to conditionalities by the developed countries or multilateral financial institutions as that affected the self-determination and sovereign rights of States.

22. Recent initiatives relating to the external debt crisis had been limited to low-income countries, excluding middle-income countries and thus almost all Latin American countries, although they devoted a large part of their resources to debt servicing. Alternative mechanisms should be created that would not increase indebtedness and would achieve international social justice.

23. A review of the principles of the financial institutions was needed in order to benefit developing countries. There was a need for innovative approaches to financing for development and mechanisms that allowed a general and uniform increase in the representation and visibility of developing countries within the Bretton Woods institutions.

24. Her country had developed a financial policy of the South for the South in the context of the effective exercise of sovereign management of resources. Bilateral financial assistance initiatives with other South countries had involved the acquisition of debt securities of other countries in the region. That was a good example of developing countries' new strategies to encourage intraregional financing and reduce dependence on and vulnerability to international capital markets. It also meant better use of the fund cycles associated with the prices of commodity exports and their rational use in the financing of regional development strategies to favour investment in infrastructure, growth and integration.

25. The financial authorities of seven Latin American countries had announced the consolidation of the Bank of the South. Its establishment would be defined in November 2007. The goal of that Latin American financial integration strategy was to finance the development of countries of the Union of South American Nations that were members of the banking entity in order to strengthen integration, reduce asymmetries and promote an equitable distribution of investments. It would also finance projects in social sectors to reduce poverty and social exclusion and to support the process of South American integration. The reaction of the principal world capitals to the creation of the bank had been a media campaign to demonize any initiative by southern countries to manage their own resources in a sovereign manner.

26. Her country's defence against such attacks was the commitment of her Government, together with others, to reducing the poverty and social exclusion to which they had been subjected for decades by the conditionalities of the main international financial institutions. That commitment had materialized in reimbursable cooperation initiatives providing a total of about $500 million in reimbursable and $15 million in non-reimbursable cooperation. The initiative was a result of the countries' sovereign decision to implement rational macroeconomic policies that would maintain high growth rates, full employment, poverty eradication, stable prices and sustainable fiscal balances so that growth would benefit all.

27. **Mr. Toh** (Côte d'Ivoire) said that scattered economic success stories around the world should not obscure the fact that the scourge of debt continued to impede social and economic development in most developing countries. As a result, many children in those countries lacked access to health care and education and one third of their people lacked access to drinking water, three of the criteria for attainment of the Millennium Development Goals. Notwithstanding concerted efforts by many developing countries, often in difficult circumstances, to implement relevant national strategies, those efforts would count for little without support from the international community.

28. In that context, he reviewed efforts by Côte d'Ivoire to restore its economic and financial situation, following five years of political turmoil, including cooperation with IMF, with a view to securing debt relief under the Heavily Indebted Poor Countries Initiative. However, the eligibility conditions failed to take account of a country's specific circumstances, such as the military and political conflict experienced by Côte d'Ivoire. For a conflict-ravaged country with very limited resources, Côte d'Ivoire's debt-service payments posed an intolerable burden, amounting to some two thirds of GDP and seriously impeding its recovery from the crisis.

29. **Mr. Teshome** (Ethiopia) said that, as debt cancellation and reduction were more predictable than bilateral aid, they offered a more effective means of financing development. In addition, improving debt management to achieve long-term debt sustainability contributed to the attainment of poverty reduction strategies and the Millennium Development Goals. At the same time, debt relief should not supplant other sources of financing and new aid should be delivered in the form of grants rather than loans. Although the level of debt had declined specifically for the heavily indebted poor countries, debt sustainability in the long term remained an issue and should be pursued as a requisite for underpinning growth and achieving the Millennium Development Goals.

30. As a result of multilateral and bilateral debt relief and cancellation, Ethiopia's debt stock had dropped from US$ 6 billion in June 2006 to US$ 2.3 billion in July 2007. More progress towards attaining the Millennium Development Goals could have been possible, however, if more resources had become available through the international development cooperation framework. Noting the important global challenge of eradicating poverty, he said that the resource gap in Ethiopia and the limited capacity of the economy to mobilize resources were impeding its efforts to implement its poverty reduction strategy programme. Added to which, ODA to Ethiopia was considerably lower than ODA to other low-income countries, including those in sub-Saharan Africa. While the Government had been making every effort to mobilize domestic resources, it also needed increased and well coordinated inflows of external finances, including increased ODA, to boost growth, to ensure effective implementation of the strategy and to attain its targets under the Millennium Development Goals.

31. Given Ethiopia's deep-rooted poverty and its complex economic and social problems, concerted and sustained efforts were necessary to deepen the gains achieved thus far and fundamentally transform its economy. Through prudent macroeconomic management and innovative policies, the country had achieved fairly rapid growth with measurable improvements in its human development indicators, but it still faced major challenges in such areas as inflationary pressures, rising inequality, particularly in the urban areas, and infrastructure.

32. In conclusion, he urged the multilateral financial institutions to show a greater commitment to providing policy advice, technical assistance and financial support, with due regard for the special needs and implementing capacities of developing countries, and called on development partners to continue to give priority to the struggle of eradicating poverty.

33. **Mr. Jarra** (Gambia) drew attention to the undemocratic architecture of the global financial system, in which both the participation and influence

of developing countries remained extremely marginal, despite the significant impact which financial decisions had on their growth and development, and reiterated the need for the all-inclusive reform of the system, which should clearly recognize the purpose for which the international financial institutions had originally been established.

34. In many cases, the level of debt of developing countries far exceeded their GDP and seriously impeded progress towards the Millennium Development Goals and human development in general. Loans were not an effective means of financing development, as the resulting debt increased with the repayment of interest and capital. As a result, loans served as a self-perpetuating mechanism of poverty aggravation and a block on economic development on the periphery of the capitalist world system.

35. Despite the relative improvement in the external debt of the developing countries through improved debt management strategies and international cooperation, their total external debt had still increased in nominal terms. He cast doubt on the efficacy of recent debt-relief initiatives in helping the developing countries to realize the internationally agreed development goals. In particular, the Heavily Indebted Poor Countries Initiative concerned only a very limited number of poor countries, and its aim was to make the debt burden sustainable without questioning its legitimacy. Nor did debt equity swaps constitute a solution, because they were often used to support privatization programmes and changes in the national structures of capital ownership in favour of foreign transnational companies.

36. Accordingly, there was a need for additional measures and initiatives aimed at ensuring long-term debt sustainability through increased grant-based financing, cancellation of the totality of the official multilateral and bilateral debt of heavily indebted poor countries and significant debt relief or restructuring for developing countries with an unsustainable debt burden. Debt relief could be only a partial mechanism for liberating resources, but it should not replace other sources of development financing and, in that context, he called for strengthened aid commitments, improved market access for developing countries' exports and other measures to enhance their productive capacity.

*The meeting rose at 4 p.m.*

United Nations A/C.2/62/SR.9

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## Second Committee

**Summary record of the 9th meeting**
Held at Headquarters, New York, on Wednesday, 17 October 2007, at 3 p.m.

*Chairperson*: Ms. Lintonen ..... (Finland)

## Contents

Organization of work (*continued*)

Agenda item 59: Operational activities for development

(a) Operational activities for development of the United Nations system

(b) Triennial comprehensive policy review of operational activities for development of the United Nations system (*continued*)

(c) South-South cooperation for development

Agenda item 52: Macroeconomic policy questions (*continued*)

(c) External debt crisis and development (*continued*)

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07-54684 (E)

*The meeting was called to order at 3.10 p.m.*

**Organization of work** (*continued*)

1. **The Chairperson** read out a revised schedule for the adoption of draft resolutions and decisions on a rolling basis, which would be posted on the Committee's website. Since she heard no objection, she took it that the Committee agreed to the proposed schedule.

2. *It was so decided.*

**Agenda item 59: Operational activities for development**

**(a) Operational activities for development of the United Nations system** (A/62/188 and A/62/211)

**(b) Triennial comprehensive policy review of operational activities for development of the United Nations system** (*continued*) (A/62/73-E/2007/52, A/62/74-E/2007/54, A/62/211, A/62/253 and A/62/326)

**(c) South-South cooperation for development** (A/62/39, A/62/155, A/62/211 and A/62/295)

3. **Ms. Mayanja** (Assistant Secretary-General and Special Adviser on Gender Issues and Advancement of Women) introduced, on behalf of the Deputy Secretary-General, the reports of the Secretary-General on the triennial comprehensive policy review of operational activities of the United Nations development system (A/62/73-E/2007/52) and on the triennial comprehensive policy review of operational activities of the United Nations development system: conclusions and recommendations (A/62/253), as well as his reports on comprehensive statistical analysis of the financing of operational activities for the development of the United Nations system (A/62/74-E/2007/54) and on comprehensive statistical analysis of the financing of operational activities of the United Nations system: 2006 update (A/62/326).

4. Progress in achieving the Millennium Development Goals was uneven and particularly unsatisfactory for the least developed and African countries. Global economic imbalances threatened the globalizing world economy and economic recovery in many developing countries, while climate change and environmental degradation exacerbated the vulnerability of disadvantaged populations. At the same time, the development cooperation environment had changed enormously, with the new focus on national ownership and leadership, and the emergence of new actors and new types of aid, as well as the steady growth of South-South and triangular cooperation.

5. The United Nations system must decide on its optimum position in that changing landscape so that it could deliver flexible and more effective development cooperation. The continued decline in the core share of total contributions hindered the organizations' ability to discharge their core mandate and the efforts to achieve greater unity and coherence of the United Nations development system, as its component parts competed for resources.

6. That situation called for increased non-earmarked contributions, including core or regular funding, and a review of zero-growth policies concerning assessed contributions to some specialized agencies' regular budgets, while donors must increase the adequacy and long-term predictability of earmarked resources. Fair progress had been made in key areas of operational activities, such as capacity development, South-South and triangular cooperation, the transition from relief to development, gender mainstreaming, and evaluation. Moreover, data had been submitted on 14 United Nations entities, as opposed to 7 in the past.

7. An updated methodology for reporting on financing of operational activities was urgently needed in order to reflect the Organization's current development architecture, mandates and missions. Specifically, the United Nations development system must tailor its responses to the recipient countries' special development needs, respect country ownership and leadership, and delineate more precisely the roles of United Nations Resident Coordinators and UNDP Resident Representatives.

8. **Ms. Sandler** (Ad Interim Executive Director of the United Nations Development Fund for Women (UNIFEM)) said that the report on UNIFEM activities transmitted by the Secretary-General (A/62/188) described UNIFEM partnerships and strategies for achieving four outcomes — pertaining to its four-year plans — that had framed its Multi-year Funding Framework for 2004-2007. It summarized efforts to help countries formulate and implement laws and policies promoting gender equality and women's human rights; build institutional capacity to allocate resources and establish accountability mechanisms to

ensure implementation; strengthen gender equality advocates' capacity to influence and participate in mainstream development policymaking and programming; and eradicate harmful practices and attitudes that perpetuated gender inequality.

9. UNIFEM system-wide initiatives aimed at more effective coordinated action by United Nations country teams and organizations to help countries achieve gender equality. The 2004 Review had been instrumental in stimulating new opportunities, while the Task Team on Gender Equality, chaired by UNIFEM, had enabled the United Nations Development Group (UNDG) to elucidate the nature of country teams' support for gender equality.

10. The Task Team had identified some key gains and gaps. While analysis of gender equality in common country assessments (CCA) and incorporation of gender equity in the results and indicators of United Nations Development Assistance Frameworks (UNDAF) had improved considerably in the period 2004-2006, there was room for significant strengthening of holistic programming to build on the United Nations system's comparative advantages. Although reporting on gender-related activities had increased, information on results and challenges and on the processes used by country teams was still inadequate.

11. Regional initiatives had included examination in southern Africa of United Nations agencies' gender policies, the mapping of donor resources, and the development of a gender expert database, as well as coordination of campaigns to end violence against women with five agencies in Latin America. In the Andean region, UNIFEM had convened the Resident Coordinators and Gender Theme Groups in order to enhance coordination and develop strategies for strengthening gender mainstreaming in the region, an exercise that had resulted in the Caracas and Quito Agreements.

12. Meanwhile, country-level initiatives had included the execution, on behalf of UNDP, of a programme of innovative efforts to coordinate support and advocacy on gender and the Millennium Development Goals in Cambodia, Kyrgyzstan and Morocco, which had generated replicable models. United Nations coordinated action to support national priorities for enhancing women's political participation was on the increase. UNIFEM looked forward to firm guidance from the forthcoming triennial comprehensive policy review for further enhancing effective and coherent United Nations support on gender equality in the context of the reform process.

13. Key elements of stronger action included enhanced investment in initiatives already under way, development of United Nations system-wide approaches for helping countries institutionalize gender-responsive budgeting and promotion of strengthened technical support, evaluation and resources for joint programmes. Midway to the Millennium Goals target date of 2015, the United Nations must show that its components could work together to guide countries towards more effective development, achievement of the Millennium Development Goals, and delivery of gender equality and women's empowerment.

14. **Mr. Zhou** (Director, Special Unit for South-South Cooperation, United Nations Development Programme (UNDP)), introducing the report of the Secretary-General on the state of South-South cooperation (document A/62/295), said that rising trade and investment flows had contributed to unprecedented economic growth in some developing countries. Developing countries were also reshaping international development cooperation, proving that growing South-South cooperation was a complement to North-South cooperation.

15. The increasing involvement of civil society and the private sector in South-South initiatives lay at the heart of many socio-economic transformations, with transnational corporations in the South providing more FDI for the least developed countries. The international community must help translate the new dynamics into real gains for developing countries, especially the most economically and geographically vulnerable and disadvantaged. South-South cooperation was about learning and growing together.

16. The report reflected the Secretary-General's commitment to enhance the coherence of United Nations system support for South-South cooperation and illustrated the positive efforts of many United Nations organizations and agencies to intensify multilateral approaches to development challenges, foster broad-based South-South, triangular and public-private partnerships, and explore innovative mechanisms for the financing of South-South exchanges.

17. He welcomed the offer of Argentina to host the conference to celebrate the thirtieth anniversary of the adoption of the 1978 Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries, which would enhance results for developing countries, especially the least developed countries, small island developing States, and landlocked countries. His Unit was ready to help implement the Committee's decisions on that and other issues.

18. **Mr. Amil** (Pakistan), speaking on behalf of the Group of 77 and China, said that the Group attached considerable importance to the triennial comprehensive policy review of operational activities for development of the United Nations system. The outcome of the review would determine the course of operational activities for the coming three years, and would also be relevant in guiding the other two processes that had an immediate and direct bearing on operational activities. The review process, therefore, should not be pre-empted by any parallel process.

19. The Group of 77 and China believed that the process of review should be driven by a vision of a stronger development role for the United Nations, and by the need fully to implement the commitments undertaken at the various United Nations summits and conferences, including the internationally agreed development goals and the Millennium Development Goals.

20. The United Nations operational activities for development must retain their universal, voluntary and grant-based characteristics, their neutrality and their multilateralism, as well as their ability to respond to development needs in a flexible manner. Operational activities should be carried out for the benefit of recipient countries, at the request of those countries and in accordance with their own development policies and priorities. Not only the United Nations system but the Bretton Woods institutions and bilateral donors also should recognize the developing country ownership, aligning their programmes with national development strategies. Full respect for the national security, territorial integrity and national unity of the States, in accordance with the United Nations Charter, must continue to guide the operational activities of the United Nations system. In particular, there must be no restrictions on the freedom of sovereign national governments to determine their own development priorities, select their development partners, or choose whatever type of relationship they desired with United Nations development entities.

21. The most important issue remained the quantity, quality and predictability of development assistance. The shift from core and non-core resources, to the benefit of the donor rather than the recipient, remained a matter of serious concern. Non-core resources were unpredictable, increased transaction costs and caused wasteful competition among United Nations organizations. Additionally, development assistance should be responsive to national policies and plans, and free from concomitant conditionalities such as a requirement to purchase goods, or engage expensive consultants, from the donor country. Savings made as a result of streamlining should be re-channelled into the United Nations development cluster, not directed elsewhere.

22. Operational activities for development should promote capacity-building. The United Nations system should make optimal use of such national expertise and technologies as were available in the developing countries, ensuring the promotion and transfer of new technologies to them, increasing system-wide capacity by enabling and facilitating recipient countries' access to the full range of services available and promoting the sharing of information on best practices.

23. The robust economic growth of a number of countries in the South had had a significant impact on the current international economic environment as well as on the development prospects of other countries in the South. South-South trade and investment had expanded rapidly in recent years. However, as noted in the Secretary-General's report in document A/62/295, the promotion of equitable and inclusive economic growth and sustainable development remained a key concern among developing countries, many of which continued to lag behind other countries in achieving the internationally agreed development goals, including the Millennium Development Goals. There was thus a need for resources and assistance from United Nations funds and programmes to bolster South-South cooperation, to be viewed as a complement to North-South cooperation, not a substitute for it.

24. The Group of 77 and China supported the strengthening of the Special Unit for South-South Cooperation, and also welcomed the recommendation made by the High-level Committee on South-South

Cooperation to convene a United Nations conference on South-South cooperation on the occasion of the thirtieth anniversary of the adoption of the Buenos Aires Plan of Action, as well as the generous offer by Argentina to host it.

25. **Ms. Ferreira** (Portugal), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Armenia, Moldova and Ukraine, said that effective multilateralism, with a strong United Nations at its heart, was a central element of the Union's external action.

26. The principles of global partnership and mutual accountability for development, established at the International Conference on Financing for Development, provided the overall framework for many stakeholders, including the European Union, to be more coherent and effective in fulfilling their commitments towards the achievement of the internationally agreed development goals, including the Millennium Development Goals. The European Union had recently approved a code of conduct aimed at enhancing cost-effectiveness by reducing transaction costs and improving development results. The 2007 triennial comprehensive policy review was an opportunity for Member States to further the efficiency and effectiveness of United Nations operational activities, thus shaping the role that the Organization could and should play in the global partnership for development at global, regional and country level. While acknowledging the progress made since the previous triennial review, the European Union considered that the system still needed to be improved in order to serve the needs of developing countries in true partnership with them, and in coordination with other development partners, based on each one's comparative advantages.

27. To achieve that goal, the United Nations should continue to lead in assisting governments, at their request, to develop capacities for the implementation of international agreements and compliance with internationally agreed standards. That capacity-building role of the United Nations system, in particular with regard to new aid modalities such as sector-wide approaches or budget support, had to be clearly defined. Furthermore, adequate capacity of, and resources for, United Nations country teams were critical and needed to be further strengthened to allow strategic, flexible and results-oriented action.

28. More could be done to make the United Nations Development Assistance Framework a strategic planning tool for the Organization as a whole, simplifying the variety of funding frameworks and cycles while ensuring harmonization with national planning instruments such as poverty reduction strategies. Further, the Organization's response to country-specific development needs must be based on a collaborative and inclusive process, taking advantage of the wide range of expertise in the system. Mechanisms needed to be developed for discussion and approval of joint United Nations programmes, as many countries would wish their country programmes to be presented in an integral way.

29. The Resident Coordinator system was crucial to ensuring effective coordination of operational activities for development at the country level. While welcoming progress made so far in the selection process, the European Union encouraged further steps to strengthen the system and its legitimacy, with an adequate level of authority and executive power being granted to the Resident Coordinator. Also, a greater separation had to be created between the function of the United Nations Development Programme as manager of the Resident Coordinator system on the one hand and its programmatic function on the other. The Resident Coordinator system needed to be appropriately staffed and funded, and the European Union suggested that a section on "accountability, oversight and governance" should be included in future triennial comprehensive policy review reports.

30. While acknowledging the progress made so far, the European Union encouraged all organizations of the United Nations system to further harmonize and simplify their business practices, not as a mere cost-cutting exercise, but as a contribution to strengthening the credibility and effectiveness of the United Nations system. Savings from gains in efficiency should benefit developing countries by being reinvested in development programmes.

31. As reaffirmed in the World Summit Outcome, gender equality and the promotion and protection of the full enjoyment of all human rights and fundamental freedoms for all were essential to advance development, peace and security. With that aspect in

mind, a growing number of United Nations organizations were adopting human-rights-based approaches to development. One way to mark the sixtieth anniversary of the Universal Declaration of Human Rights in 2008, would be by further mainstreaming of human rights in the work of the Organization, especially at the operational level, without creating new conditionalities for development assistance.

32. Accountability for gender mainstreaming and women's empowerment should be given higher priority within United Nations agencies. That required appropriate staff competence and adequate resources, clear mandates and intensified inter-agency collaboration as well as explicit performance and accountability mechanisms. The European Union supported the strengthening architecture for gender equality and empowerment of women described in the concept note prepared by the Deputy Secretary-General.

33. The European Union placed a high value on South-South cooperation, which should comply with the principles of the Monterrey Consensus and acknowledged principles of aid effectiveness, including recipient country ownership and leadership, primacy of poverty reduction strategies, alignment with country processes and procedures, and focus on institutional capacity development.

34. Making the transition from relief to longer-term development was an important part of efforts to meet the internationally agreed development goals. There had been significant progress, but operational activities in the transition phase still lacked clarity regarding leadership, division of labour and prioritization. The European Union advocated greater use of national capacity, inter-agency collaboration and simplification of administrative procedures and funding structures. In situations of transition, cooperation with other major players was of utmost importance. The European Union welcomed recent institutionalized collaboration between the United Nations and the World Bank and encouraged the building of further synergies among all relevant actors, including regional organizations, civil society and the private sector.

35. It was imperative to ensure multi-year, adequate and predictable core funding for United Nations operational activities and to improve the balance between core and non-core resources. Likewise, a reform agenda was of decisive importance in attracting resources from the increasingly diverse donor community. New actors and aid modalities also provided an opportunity for the United Nations system to have a catalytic influence on the use of overall available resources in pursuit of the Millennium Development Goals.

36. The European Union was willing to consider an increased level of pooled funding, rather than financing for individual projects and programmes, in particular in the context of the efforts by the United Nations to "deliver as one" at the country level. It also encouraged the United Nations to continue considering modalities for the consolidated budgetary framework in the "One United Nations" pilots, so that all sources of funding could be displayed transparently. Future United Nations budgets should be included in partner countries' Medium-Term Expenditure Frameworks to permit better planning and coordination at country level.

37. The resolution on the triennial comprehensive policy review should create an effective monitoring mechanism using distinctive timelines and measurable targets. There should be comprehensive and outcome-oriented evaluations of system performance against the objectives set out by the triennial comprehensive policy review and the different United Nations entities themselves. The European Union maintained its support for results-based management and budgeting, in which monitoring and evaluation of operational activities were key to linking resources to outputs and outcomes.

38. **Mr. Ehouzou** (Benin), speaking on behalf of the African Group, said that the United Nations system's operational activities for development were of great importance for the countries of Africa, characterized as they were by universality, neutrality and multilateralism.

39. The United Nations should redouble its efforts to integrate its activities with national programmes and priorities; strengthen partnership with the recipient countries and promote the building of national development capacities; and mobilize all of its capacity to place all the services and knowledge of the organizations in the United Nations system at the disposal of the developing countries. However, the effectiveness of the operational activities depended in large measure on adequate, long-term and predictable

funding. For that reason, the countries of Africa were distressed by the ongoing drop in the amount of funding assigned to the core budgets for United Nations operational activities. At the same time, funding earmarked for specific programmes and granted to targeted countries was increasing sharply, limiting how development funding could be spent. Under those circumstances, the African Group renewed its call to the developed countries to fulfil the commitment to allocate 0.7 per cent of their GNP to official development assistance for the developing countries, including 0.15 to 0.20 per cent for the least developed countries.

40. The African Group also called for a widening of the base of donors for certain funds and programmes which, while achieving concrete results on the ground, faced a shortage of financial resources that was impeding their activities. That applied in particular to the United Nations Capital Development Fund, to date the only United Nations body whose mandate was to invest exclusively in the least developed countries, of which 34 out of 50 were in Africa. In addition, multi-year funding frameworks would make it possible for the United Nations system to have a medium-term and long-term funding plan. In that connection, the African Group welcomed the distinction being made between contributions for humanitarian assistance and those allocated to long-term development cooperation.

41. The African Group stressed the importance of incorporating a gender perspective in the operational activities of the United Nations system, because the Millennium Development Goals could not be achieved without the full participation of men and women. Gender equality, in public life and in political decision-making, was essential to democracy and constituted the basis for sustainable development.

42. The triennial review offered an opportunity to adopt guidelines which would make it possible for the United Nations to increase its development role. The current year's review should concentrate on the need to strengthen system-wide coherence at country level, on the basis of improved utilization of planning tools and alignment of the programmes of the various organizations involved but also of respect for the differences in their mandates.

43. The African Group also stressed the need for national capacity-building. To that end, use should be made of the expertise in the various countries, within a framework of partnership with the United Nations agencies as well as with other countries, civil society and non-governmental organizations.

44. While there was a need for coordination between the United Nations system and the bilateral donors and global financial institutions, the leadership of the various countries had to play a major role in such coordination. Consequently, the United Nations should promote South-South cooperation, which in recent times had been enjoying a resurgence, characterized by an increase in exchanges between developing countries, notably through investments, subsidies, concessional loans and debt forgiveness. In that regard, the African Group welcomed the deepening of cooperation between Africa and Asia and between Africa and Latin America. Bringing the potential of South-South cooperation into the United Nations system's operational activities for development would enhance the poverty reduction arsenal and assist in the achievement of the internationally agreed development goals, including the Millennium Development Goals.

45. The African Group stressed the need to harmonize the activities of the United Nations and in particular to simplify rules and procedures. Improved coherence could reduce overlaps and lessen transaction costs. Furthermore, follow-up to and evaluation of the operational activities of the United Nations would help to increase their effectiveness, especially if such evaluations were carried out by the host countries. The Resident Coordinator should be accountable not only to the international system but also to the national Government concerned.

46. **Mr. Chidumo** (Mozambique), speaking on behalf of the countries of the Southern African Development Community (SADC), reiterated the need to maintain the fundamental characteristics of operational activities for development, namely their universal, neutral, voluntary and grant-based nature. The review of the operational activities of the United Nations was very important. At the halfway point to the deadline for achieving the Millennium Development Goals, States must fulfil their commitments to increasing ODA and enhancing the role of United Nations operational activities for development. SADC called on developed countries that had not yet done so to make concrete efforts to reach the target of 0.7 per cent of their GNP for ODA to developing countries and the Brussels Programme of Action target of 0.15 to 0.2 per cent for the least developed countries. Despite the positive

trends in contributions for United Nations operational activities, there was a need for greater predictability and long-term stability in funding. The significant increase in supplementary funding to the detriment of core resources was of particular concern.

47. South-South cooperation was a valuable vehicle for technology transfer and capacity-building but was not a substitute for North-South cooperation and should be strengthened through triangular cooperation.

48. A comprehensive and sustainable financial data and reporting system for operational activities, as recommended by the Secretary-General, could bring more coherence and synergy and improve delivery at the country level. The efforts of United Nations agencies, funds and programmes towards standardizing data and statistical practices should be strengthened and combined with the current system-wide reform process.

49. There was still room for improvement in both programming and funding modalities for United Nations humanitarian assistance. The Consolidated Appeal Process monitored by the Office for the Coordination of Humanitarian Affairs was a fundamental tool for resource mobilization for emerging crises, as well as a strategic and planning instrument for future crises. While acknowledging the efforts of the United Nations in disaster response, a review was needed in order to improve their coordination, efficiency and effectiveness, bearing in mind that the various United Nations agencies had different roles to play in disaster management and recovery.

50. The role of Resident Coordinator should be strengthened to better reflect the role of the United Nations system as a development partner by establishing high standards for selection and recruitment and improving training. A comprehensive accountability framework should be implemented with the participation of all United Nations agencies, funds and programmes, resident or non-resident.

51. SADC pledged its full support for the Secretary-General's recommendations for improving the efficiency and effectiveness of the operational activities for development of the United Nations system to enhance delivery at the country level.

52. **Mr. Alim** (Bangladesh) said that the operational activities of the United Nations should focus on sustained economic growth, sustainable development and poverty alleviation in developing countries, in particular the least developed countries, and should be in line with national development strategies. Donor assistance delivered better results when it was provided as direct budgetary support.

53. Coordination and coherence among the organizations of the United Nations system were essential in order to maximize their respective comparative advantages and the response of the United Nations system as a whole to current demands, including implementation of the Millennium Development Goals and the Programme of Action for the Least Developed Countries for the Decade 2001-2010. Cooperation, coordination and collaboration with the Bretton Woods institutions should be enhanced and business practices should be harmonized and simplified, all in line with the priorities of recipient governments. Any new and innovative approach to coordination and coherence must be thoroughly discussed in a transparent and open-ended manner, and should not disrupt agencies' work. High priority should be given to lowering costs related to operational activities for development and improving the efficiency of the activities on a sustainable basis, and any savings should be channelled into programme funding.

54. The transparency and accountability of the Resident Coordinator system were essential and should be based on national ownership and leadership by the host government. His delegation believed strongly that proper evaluation and monitoring of the activities of Resident Coordinators and country teams would enhance the efficiency and results of United Nations activities.

55. It was encouraging that donor contributions to operational activities had increased recently. However, the contributions were primarily in the form of non-core resources and resources dedicated to humanitarian assistance, whereas core resources, the bedrock of operational activities, were declining. The pursuit of coherence and synergy should therefore be linked to a mechanism ensuring that core resources were available on a predictable and long-term basis.

56. The specialized agencies of the United Nations system had yet to accord special attention to the least developed countries. United Nations funds, programmes and specialized agencies and the Bretton

Woods institutions should augment their support to that vulnerable group of countries as a matter of priority. The triennial comprehensive policy review of operational activities should concretely reflect the need for such support. The United Nations system and donor countries should play a major role in supporting South-South and triangular cooperation. His delegation called for a stronger, well-resourced and well-managed Special Unit for South-South cooperation.

57. **Mr. Maksimychev** (Russian Federation) said that the triennial comprehensive policy review of operational activities for development of the United Nations system would play a decisive role in enhancing those activities and determining their effectiveness. It was therefore one of the most important agenda items for the current session of the General Assembly.

58. The ultimate goal should be to enhance the productivity and effectiveness of the catalytic influence of the United Nations system on the social and economic development of each programme country. As established in intergovernmental decisions, multilateral development assistance should be universal, voluntary, grant-based, neutral and non-political in nature. In the course of the triennial comprehensive policy review, the coherence, continuity and evolutionary nature of the reform process should be ensured on the basis of the agreements already reached in the General Assembly and the Economic and Social Council, in particular General Assembly resolution 59/250.

59. National Governments should define the priorities, forms and practical means of cooperation with the United Nations and ensure that it was implemented in the context of the Millennium Development Goals. The resolution on the review of operational activities had to provide for flexibility for United Nations operational agencies and their country representatives in view of the multiplicity of situations in different countries.

60. In relation to further strengthening of the Resident Coordinator system, a balanced and pragmatic approach was needed. The best role for Resident Coordinators was that of facilitator within the framework of a United Nations country team acting on a basis of collegiality, as mentioned in the Secretary-General's report. It would be counterproductive to attempt to transform Resident Coordinators into a kind of United Nations ambassador. Although the United Nations Development Programme (UNDP) was responsible for the recruitment of Resident Coordinators and for their technical support, that did not mean that the Programme should assume the role of coordinating or managing the United Nations operational system.

61. The current triennial comprehensive policy review, while aiming to include the specialized agencies and regional commissions in the United Nations machinery at country level, should take into account the specific nature of the work of such institutions and especially their intergovernmental governing mechanisms. He welcomed the recommendations in the Secretary-General's report concerning development of the regional aspect of operational activities, inter alia by strengthening cooperation between the United Nations system and regional and subregional intergovernmental organizations.

62. **Mr. Benfreha** (Algeria) said that the United Nations development system, by virtue of its operational activities and comparative advantages, was best placed to strengthen the capacity of the developing countries both to attain their development priorities in accordance with their national priorities and development strategies and to achieve international development objectives, including the Millennium Development Goals. National ownership of project and programme execution was essential in that regard.

63. The triennial comprehensive policy review of operational activities should be based on the guiding principles set out in General Assembly resolution 59/250 and the decisions adopted at the High-level Plenary Meeting of the sixtieth session of the General Assembly in 2005, the Millennium Summit of the United Nations and the Monterrey Consensus of the International Conference on Financing for Development.

64. Project and programme fragmentation within the United Nations development system and the system's lack of coherence prevented the developing countries from securing optimum access to the system. The reliability and effectiveness of operational activities would be strengthened by a system-wide commitment to reducing transaction costs through the harmonization and simplification of administrative procedures, the adoption of uniform accounting standards and the sharing of resources.

65. The decline, in real terms, in core funding of the funds and programmes of the United Nations system and its specialized agencies and the use of regular resources to finance the cost of mobilizing extrabudgetary funding threatened to jeopardize their respective mandates. Predictable and stable funding within a multi-year framework was therefore required. His delegation was concerned at the increase in the number of United Nations trust funds that drew on the United Nations regular budget for their administrative budgets. That practice promoted bilateral priorities, reduced the role of governing bodies and undermined the statutory roles of entities of the United Nations system. Moreover, the adoption by some specialized agencies of the practice of zero nominal growth would jeopardize their programmes over time. Increasing competition among United Nations organizations for funding would also have a negative impact on the work of the Organization.

66. South-South cooperation and triangular cooperation were of considerable benefit, and his delegation was in favour of strengthening the role of the Special Unit for South-South Cooperation. Such cooperation should form an integral part of United Nations operational activities. In that connection, the United Nations system should provide full support for the New Partnership for Africa's Development (NEPAD). His delegation was in favour of the convening in 2008 of a United Nations conference on South-South cooperation to review progress in the implementation of the Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries, with a view to adapting the Plan of Action to reflect the current economic situation.

67. He also underscored the importance of evaluating operational activities with uniform standards and in keeping with institutional evaluation arrangements. The arrangements should be simplified and strengthened and should take into account the views of recipient countries.

68. In conclusion, he reiterated his delegation's belief that the guiding principles of operational activities of the United Nations system derived from their universal and voluntary nature and their neutrality and multilateralism.

69. **Mr. Hannesson** (Iceland) said that system-wide coherence and coordination among United Nations entities were fundamental for ensuring the effectiveness of the United Nations development system and maximizing results on the ground. The conclusions and recommendations put forward by the Secretary-General in document A/62/253 provided a solid basis for a comprehensive resolution aimed at advancing the recommendations of the High-level Panel on UN System-wide Coherence in the areas of development, humanitarian assistance and the environment. In that regard, his delegation looked forward to reviewing and building on the lessons learned from the "Delivering as one United Nations" pilots.

70. National ownership should be at the heart of operational activities and the United Nations agencies, funds and programmes should align their assistance with national development and poverty reduction strategies. The transition from relief to development was a delicate process requiring strong coordination among all actors. Fragmentation and duplication were especially detrimental to success in post-conflict and disaster situations. Particular attention therefore should be paid to streamlining operational activities in such situations in order to ensure timely, effective and coherent assistance.

71. While acknowledging the progress already made, his Government emphasized the importance of accelerating gender mainstreaming and heightening the focus on the empowerment of women at the country level. It was also important to improve the gender balance in appointments within the United Nations. He wished to place on record his delegation's strong wish for a much improved gender architecture headed by an under-secretary-general.

72. Although internal coherence and coordination within the United Nations specialized agencies, funds and programmes were essential, the United Nations must also enhance its cooperation and harmonization with other development partners operating in the field. That was particularly true in disaster and post-conflict situations, and his delegation supported ongoing efforts to improve collaboration with the Bretton Woods institutions to that end.

73. **Mr. Chabar** (Morocco) said that the triennial comprehensive policy review of operational activities for development of the United Nations system was the most important item on the Committee's agenda at its current session. Practical solutions should be found to problems encountered in the field in order to enhance

the effectiveness of the system, ensure that support matched the specific requirements of each country, simplify response procedures and ensure full respect for the principle of national ownership.

74. Efforts to improve coherence and coordination of the system should focus on strengthening the role of the Resident Coordinator, although that was not an end in itself and care must be taken not to create an unnecessary bureaucracy. The ultimate objective should be to facilitate the work of the agencies in the field by enhancing transparency and openness, thereby improving their effectiveness and the quality of their work for the benefit of aid recipients, while ensuring full respect for the mandates established by the competent United Nations bodies and the principle of national ownership.

75. The task of ensuring the predictability and stability of funding for operational activities was a major challenge. The relevant agencies, donors and recipient countries must work together to find solutions consistent with national development strategies. As was the case in his country, civil society and the private sector should be involved in designing and executing cooperation projects. However, Resident Coordinators should not serve as "mediators" or "facilitators" in the dialogue between NGOs and the national authorities to which they were accredited.

76. As United Nations statistics demonstrated, South-South cooperation had become a driving force for economic and social development and boosted the growth potential of developing countries. Morocco had made South-South cooperation the keystone of its cooperation policy and strove to strengthen such cooperation at the regional, subregional and interregional levels. To that end, it focused on innovative projects that promoted human and sustainable development and involved the beneficiaries in defining their needs and priorities. In April 2007 his country had hosted the first African Conference on Human Development, at which the 45 participating African countries had clearly demonstrated their commitment to strengthening solidarity and cooperation among their countries in order to improve the lives of the people of Africa. He drew attention in that connection to the Rabat Declaration on human development in Africa (A/62/155) adopted at the Conference. His delegation supported the proposal to convene a United Nations conference on South-South cooperation that would elaborate ways to optimize the impact of the United Nations system on South-South and triangular cooperation. Greater coherence of the assistance which the United Nations system provided for South-South cooperation was essential.

77. **Ms. Smith** (Australia) said that the United Nations operational system should be capable of delivering real, measurable and measured results in supporting the achievement of country-owned and country-led development objectives in the most efficient and effective way possible.

78. Although the documentation currently before the Committee concerning the triennial comprehensive policy review contained many important elements, some issues critical to improving operational activities had not been highlighted. The relevant resolution to be adopted by the General Assembly in 2007 should reaffirm all the elements set out in General Assembly resolution 59/250, consolidate the advances already made and call for further strengthening of the United Nations operational system. For example, much remained to be done with regard to gender mainstreaming, a fact that was recognized by the Secretary-General in document A/62/73, the work of the UNDG task team on gender equality and the UNIFEM Ad Interim Executive Director at the current meeting.

79. A second key issue was the coherence of United Nations operations at the country level. In that connection, her delegation applauded the work that countries and United Nations country teams were doing in the context of the United Nations Development Assistance Framework (UNDAF). Further steps should be taken to make a common UNDAF the norm, not the exception, and to strengthen the assessment and focus underpinning the Framework. The adoption of "One United Nations" programmes was a logical step towards more efficient and strategic operations to deliver development outcomes. Her delegation strongly advocated greater coherence and coordination within the United Nations system, which would enable the Organization to maximize its role in reducing poverty, improving health, education and governance, promoting inclusive economic growth and achieving gender equality. Greater coherence did not mean a consolidated United Nations structure in each country; rather, the Organization would be "delivering as one", harnessing all necessary available expertise and capacity, whether in-country or external, to address the priorities of national partners.

80. Capacity development was a third priority for her Government. National ownership and leadership of development programmes could be achieved by strengthening the planning, management, performance, evaluation and accountability of partner government systems so that they were better able to implement and coordinate national development processes and external assistance. Capacity development was also critical in order to ensure that development results were sustainable. The United Nations system must take action on the statement by UNDG regarding the Organization's role in capacity development.

81. Although some progress had been made with respect to the transition from relief to development, the United Nations system and donors should make further progress in that regard. Transition required strong leadership, effective coordination, including with the World Bank, appropriate capacities and approaches, as well as timely and adequate resources.

82. Aid effectiveness and accountability, which must be shared interests of all parties concerned, were two critical issues not yet included in the review framework. They should be incorporated in the resolution to be adopted in 2007 concerning the review process. More effective aid required national ownership and the use of national systems where possible and led to lower transaction costs for partners and, ultimately, more and better development results. The development system must be accountable to all stakeholders, in particular the people of developing countries.

83. **Ms. Blum** (Colombia) recalled that the raison d'être of operational activities for development was to contribute to poverty eradication, sustained economic growth and sustainable development, within the framework of internationally agreed development goals, including the Millennium Development Goals. The process of the triennial comprehensive policy review, which was completing a cycle in the current year, was particularly relevant in that context and should continue to be taken into account in every decision by the General Assembly on that issue.

84. The review had a central role in determining guiding principles and criteria for cooperation and operational activities for development. Any reform or new norm in that field should fully respect the spirit of the intergovernmental and universal agreements reached in the context of the review. The coherence of the system should be based on those agreements, which should be observed by both donor and recipient countries, and all agencies, funds and programmes in their decisions and actions in the field.

85. Coherence implied further strengthening of coordination between all the entities involved in carrying out those activities, both at headquarters and in the field. The agencies, funds and programmes should act in a coordinated manner. Above all, coordination between the United Nations system and national governments had to be strengthened as a prerequisite for achieving greater efficiency and proper alignment with national policies and strategies. National ownership and leadership should be confirmed as the overriding principles of the triennial comprehensive policy review. Agencies of the system should act in accordance with the priorities of countries and within the boundaries of their sovereignty.

86. The process of joint construction of UNDAF in Colombia had allowed progress in that respect, facilitating alignment with the Government's national development plan and with its international cooperation strategy. The decision to be adopted by the General Assembly should further strengthen that coordination in order to consolidate communication between the system and governments and thus improve the outcomes and impacts of cooperation. It was also important to establish clear limits and criteria for the nature and scope of the Resident Coordinator's mandate, in consultation with governments and national authorities in each country.

87. Funding for development activities should be made more predictable, stable and reliable. It was also vital to establish evaluation and monitoring tools to assess the impact of operational activities for development. The agencies should give priority to strengthening their strategies to favour a transition from relief to development, enhancing the generation and strengthening of national capacities.

88. South-South cooperation was complementary in nature to North-South cooperation and a viable means of contributing to development by making use of comparative advantages, mutual benefits and solidarity. Colombia recognized the role of the United Nations as a catalyst in that type of cooperation and believed that the leadership of the Special Unit for South-South Cooperation should be strengthened. The financial, administrative and technical capacities of United

Nations agencies, as well as the mechanisms for coordination and alignment of international cooperation with national priorities, provided an appropriate framework for the implementation of triangular schemes to enhance South-South cooperation. Colombia supported the proposal to hold a conference commemorating the Buenos Aires Plan of Action and also the idea of establishing a link between the Plan and the Development Cooperation Forum of the Economic and Social Council. The Forum was to meet in 2008 and should also contribute to strengthening South-South cooperation.

89. **Mr. Kodera** (Japan) said that his country attached great importance to the triennial comprehensive policy review and that the current discussion provided an excellent opportunity to enhance the effectiveness of the United Nations system. If States failed to act, they would risk falling short of achieving the Millennium Development Goals. The 2007 triennial comprehensive policy review should therefore reflect the recommendations of the High-level Panel on UN System-wide Coherence and the informal consultations at the General Assembly, as those efforts were all related.

90. It was important to ensure that financial resources were used efficiently and effectively in the efforts to achieve the Millennium Development Goals. The triennial comprehensive policy review should strengthen the monitoring and evaluation of operational activities at the headquarters, regional and country levels. At the same time, although it was important to increase non-earmarked funding for operational activities for the United Nations organizations, the advantages of earmarked funding should not be underestimated. It was important to have a good balance between earmarked and non-earmarked funding.

91. One challenge was ensuring that UNDP functioned as an impartial manager of the Resident Coordinator system. That was the key to realizing the goal of the One United Nations Initiative at the country level and achieving system-wide coherence. Attempts to that end had already started in the pilot countries and UNDP should continue to ensure that its oversight of the Resident Coordinator system was impartial by clearly defining and separating its dual roles. It should also continue to streamline its operations to eliminate overlapping functions. Japan agreed with the assertion in paragraph 19 of the Secretary-General's report (A/62/253) that the United Nations system was expected to support national capacities that would enable developing countries to exercise ownership and leadership over external assistance and aid coordination.

92. Japan had long supported South-South cooperation, which strengthened national ownership as a prerequisite for effective development. Scattered efforts had been made within the United Nations system to mainstream South-South cooperation. In the absence of a system-wide strategy in that area, collaboration among developing countries had not been integrated successfully into operational activities. The review should provide more guidance for the United Nations role in South-South cooperation, in order to ensure greater respect for national ownership and enhance aid effectiveness in that important area.

93. Regarding the transition from relief to development in post-conflict situations, the United Nations development system should work closely with the Peacebuilding Commission. The review should provide guidance on the manner and areas of that cooperation. UNDAF and the Integrated Peacebuilding Strategies developed by the Peacebuilding Commission should be consistent and coherent.

94. Japan attached importance to mainstreaming gender considerations in development policy. The United Nations system had made steady progress in that area, but there had been insufficient analysis of gender issues in the design, implementation and evaluation of projects and programmes. Ensuring women's access to basic services at the local level should be a priority.

95. In order to achieve community-level impact, it was crucial to promote partnerships with civil society groups, NGOs and other local entities. Such a community-based bottom-up approach should be given due consideration in the review.

**Agenda item 52: Macroeconomic policy questions** (*continued*)

**(c) External debt crisis and development** (*continued*) (A/62/151 and A/62/71-E/2007/46)

96. **Mr. Al-Najem** (Kuwait), speaking in exercise of the right of reply, referred to the statement made by the representative of Iraq, in which a request had been

made for reconsideration of the issue of compensation due to Kuwait.

97. Kuwait appreciated fully the circumstances of Iraq. It was providing all kinds of political and material assistance to the Government and supported its reconstruction efforts to achieve development and progress. However, the subject of the Iraqi debt and its reduction according to the principles of the Paris Club was a completely different issue from that of compensation and its cancellation.

98. It was the policy of the new Iraqi regime, based on peaceful coexistence, good neighbourliness and respect for international commitments and obligations, which had prompted Kuwait after the fall of the former regime to show flexibility by not objecting to the reduction of the proportion allocated for compensation from 25 per cent to 5 per cent of the Iraqi oil revenues, which had been approved by the Security Council, as a gesture of support for the efforts of the new Iraqi Government and without regard for the decline in oil prices at that time.

99. The current Iraqi Government's theory that it was not liable for the actions of the defunct Iraqi regime departed from legality, as international law clearly stated that violations by a regime remained until they were fully dealt with. They could not be set aside as proposed by Iraq, as the compensation in question was for organizations, companies and individuals which had suffered damage. As an example, he referred to the compensation paid by aggressor States to the States affected during the Second World War.

100. Kuwait was confident that the Iraqi Government had no intention of evading its international obligations. In accordance with international law, it bore the consequences of the actions of the previous regime (the invasion and occupation of Kuwait, the destruction of its infrastructure and oil sector, which was its main source of income and the huge environmental devastation that affected all the countries of the region without exception). Although the current amount of compensation was affected by the high price of oil, the same was true of the remaining 95 per cent of the oil revenue that the Iraqi Government was receiving.

101. The debt reduction that Iraq had recently obtained from a large number of countries, including members of the Paris Club, which had forgiven over 80 per cent of the amount of outstanding debt, was supposed to persuade Iraq to cooperate further with the United Nations Compensation Commission on the basis of the established percentage. It was the Governing Council of the Compensation Commission that was empowered to examine the point of view of Iraq, in accordance with Security Council resolutions 1483 (2003) and 1546 (2004).

102. The amount of compensation mentioned by the delegation of Iraq ($22 billion that had been paid up to April 2007) had not been paid to Kuwait in its entirety but had been allocated to a large number of States affected by the crimes of the previous regime. One hundred countries had applied to the Compensation Commission with over two and a half million claims.

103. The Iraqi obligations set forth in the Security Council resolutions were clear. Kuwait urged the Iraqi Government to continue to fulfil its obligations, including the payment of compensation. His country would continue the support it had extended to the Government and brotherly people of Iraq in order to help them move forward with development, progress and economic reform.

*The meeting rose at 5.40 p.m.*

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## Second Committee

**Summary record of the 10th meeting**
Held at Headquarters, New York, on Thursday, 18 October 2007, at 10 a.m.

*Chairperson*: Mr. Saleh (Vice-Chairperson) ..... (Lebanon)

## Contents

Agenda item 59: Operational activities for development (*continued*)

(a) Operational activities for development of the United Nations system (*continued*)

(b) Triennial comprehensive policy review of operational activities for development of the United Nations system (*continued*)

(c) South-South cooperation for development (*continued*)

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*In the absence of Ms. Lintonen (Finland), Mr. Saleh (Lebanon), Vice-Chairperson, took the Chair.*

*The meeting was called to order at 10.10 a.m.*

**Agenda item 59: Operational activities for development** (*continued*)

**(a) Operational activities for development of the United Nations system** (*continued*) (A/62/188 and A/62/211)

**(b) Triennial comprehensive policy review of operational activities for development of the United Nations system** (*continued*) (A/62/73-E/2007/52, A/62/74-E/2007/54, A/62/211, A/62/253 and A/62/326)

**(c) South-South cooperation for development** (*continued*) (A/62/39 (Supplement No. 39), A/62/155, A/62/211 and A/62/295)

1. **Ms. Silveira** (Uruguay), speaking on behalf of the Southern Common Market (MERCOSUR), said that it was important to further increase trade between countries of the South. The MERCOSUR countries had expanded technical cooperation with other developing countries thereby playing an important role in strengthening the institutions of such countries for rapid and effective skills transfer.

2. The least developed countries and landlocked developing countries had most benefited from cooperation with MERCOSUR. However, middle-income countries still accounted for nearly two thirds of the world's poor; South-South cooperation had great potential to reduce disparities between the rich and the poor within countries, and to eradicate hunger and poverty through skills transfer. MERCOSUR was prepared to share its experience in national policymaking as well as provide technical and technological assistance to developing countries.

3. South-South cooperation supplemented the assistance committed by developed countries to developing countries. Often, South-South cooperation flows were deducted from total assistance for lack of a universal definition of South-South cooperation, including its conditions, and means for measuring its effectiveness. The South-South cooperation agenda had to be drawn up essentially by countries of the South.

4. It was necessary to re-examine the working methods of the High-level Committee on South-South Cooperation and its Bureau. The holding of one meeting every other year without a clear role for the Committee between sessions was not sufficient. It was also of utmost importance to analyse the implementation of the High-level Committee's decisions by Member States and the Organization. The results of the UNDP evaluation of South-South cooperation should be provided to Member States.

5. The countries of the MERCOSUR welcomed Argentina's proposal to host a United Nations conference on South-South cooperation to review progress in the implementation of the Plan of Action in 2008.

6. **Mr. Labbé** (Chile) said that his delegation attached great importance to the triennial comprehensive policy review and trusted that all concerned parties would demonstrate goodwill and flexibility during the Committee's deliberations.

7. Developing countries had to be able to take advantage of new trends in technical cooperation. While the adoption of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries had been a great step forward, it was in urgent need of updating.

8. As a middle-income country, Chile was seeing its assistance from developed countries diminish in favour of developing countries, and thus had more difficulty in consolidating its own progress. It was important for the Committee to consider the situation of middle-income countries, which continued to require active cooperation from developed countries in areas such as innovation, science, technology and worker specialization. Middle-income countries often suffered from an unequal distribution of wealth, with a large proportion of poor people. If prolonged, the current situation might jeopardize the development of many countries. South-South cooperation required the active participation of businesses and civil society.

9. His delegation hoped that a decision would be taken at the current session to convene an international conference to review the 1978 Buenos Aires Plan of Action.

10. **Mr. Baum** (Switzerland) said that, while progress had been made in United Nations operational activities for development, implementation of the 2004 triennial comprehensive policy review was still lagging. The Committee must at the 2007 Review, position the United Nations operational system in the broader

development cooperation architecture, as well as improve its responsiveness and effectiveness. His delegation concurred with the Secretary-General that United Nations development activities must be carried out in response to the development needs of developing countries in a flexible manner and in accordance with those countries' national development priorities and strategies. At the same time, development activities must be firmly anchored in the universality, indivisibility and interdependence of human rights.

11. The unpredictability of core funding and uneven or non-existent burden-sharing among Member States made the Organization unduly vulnerable to short-term donor priorities, thus undermining the authority of the respective intergovernmental governing mechanisms. Such a situation weakened the role of the Organization and jeopardized its legitimacy. Switzerland therefore supported good multilateral donorship based on predictability and quality of funding, multi-year pledging, emphasis on core contributions, and agreements among Member States on burden-sharing. Upper middle-income developing countries, particularly net contributors, would be welcome to participate in such initiatives.

12. The General Assembly should endorse the definition of capacity development proposed by the United Nations Development Group. With regard to sector coordination mechanisms, the United Nations funds, programmes and specialized agencies must expand their participation as a reflection of their commitment to a coherent response to national priorities. Notwithstanding such efforts, Governments and donors should ensure that the Organization was represented ex officio in order to bring to bear the Organization's technical expertise on such donor coordination mechanisms.

13. While commending efforts made over the past triennium towards gender mainstreaming and the empowerment of women, he said that specific attention now needed to be given to institutional accountability mechanisms.

14. Further efforts were needed to complete the harmonization of the United Nations agencies' planning cycles and to align them with national programming instruments and planning cycles. Regrettably, too many specialized agencies remained unable to plan their activities at field level on a multi-year basis. That seriously hindered the capacity of such agencies to be part of the United Nations Development Assistance Framework and to contribute effectively. Specialized agencies should delegate more authority to their country representatives and use country-level multi-year programming.

15. General concerns related to environmental sustainability and the implementation of the Bali Strategic Plan for Technology Support and Capacity-building could be significantly alleviated by ensuring that United Nations Development Assistance Frameworks and Poverty Reduction Strategies adequately reflected needs as expressed by Governments, and that the resident coordinator and United Nations country team made full use of the Organization's capacities, particularly those of the United Nations Environment Programme, to respond to the needs of developing countries for Government capacity-building.

16. The resident coordinator could enhance system-wide coherence at the country level, and must be mandated to speak and act on behalf of the United Nations country team and to carry its messages to the highest levels of government. Moreover, the resident coordinator must be given increased responsibility over the strategic positioning of the Organization, including the authority to allocate country-level resources to highest priority activities, and the responsibility to optimize the use of the technical capacity and expertise of the country team and across the regional centres of the Organization.

17. There must be a clear separation of duties between the resident coordinator and the UNDP country director. Furthermore, UNDP needed to proactively facilitate the access of Governments to other system entities able to provide qualified services, rather than providing such services itself. While the management of the resident coordinator system must be firmly anchored within UNDP, the resident coordinator should not be biased towards UNDP.

18. **Mr. Bagrodia** (India) said that the triennial comprehensive policy review presented a valuable opportunity to assess operational activities for development and make appropriate recommendations for the future work of the United Nations development system. The system urgently needed reform in terms of effectiveness and efficiency if it was to make a meaningful contribution to the achievement of the Millennium Development Goals.

19. The financing of the United Nations development system was fundamental to the Organization's ability to deliver effectively. With ODA showing a downward trend, there was an urgent need to make up the large shortfall in the resources required to attain the Goals. The fact that the share of core resources in the total contributions received by the United Nations system had been falling continuously was also a source of concern. The growing reliance on supplementary funding undermined the core mandates of the entities of the United Nations development system. The predictability and dependability of funding for development was another important issue. Despite the progress made, multi-year funding frameworks had not significantly improved the predictability of funding. The United Nations development entities required adequate core resources. Furthermore, the lack of full cost recovery created the false impression that the management of projects from supplementary funding was more efficient than that of regular programmes, which in turn undermined the ability of United Nations development entities to attract core funding in the long term.

20. The United Nations development system must focus on building its own capacities, in addition to those of developing countries. While training of existing staff would be ideal, the recruitment of new professional staff should not necessarily be avoided.

21. His delegation supported greater use of national execution as well as of national expertise and institutions. The United Nations development system must also make serious efforts to adapt its activities to the existing financial and technical capacities of recipient Governments and their national institutions. National ownership and leadership should be a priority.

22. India had a long-standing commitment to South-South cooperation. There was a need not only for adequate funding for such cooperation by the United Nations development entities and for triangular cooperation, but also for greater use of the experience and expertise of the South in the ongoing work of the United Nations development system. Measures supporting South-South cooperation should be mainstreamed in programmes, country-level activities and country offices. Developed countries' contributions were also important.

23. India supported the strengthening of the capacity of the United Nations development system for gender mainstreaming. While advocacy in that area was important, there was an even greater need to support developing countries' efforts to promote gender equality and empower women. Within the Organization itself, there was concern that the number of female staff at senior levels, especially in the Professional category, had significantly fallen, as had the number of female resident coordinators. Furthermore, there had been a lack of analysis of female representation from developing countries, despite the emphasis on that issue in General Assembly resolution 59/250. It was also important to focus on the transition from relief to development, especially in post-natural disaster situations.

24. Proposals for reforming the United Nations development system needed to include information on the savings achieved through reform, the impact on the reporting burdens of field offices, and the consequent improvement in delivery. In addition, proposals should display flexibility in addressing the diverse needs of developing countries and countries recovering from conflict. The ongoing reform and other reform proposals, such as those presented in the context of system-wide coherence, must demonstrate their usefulness based on those criteria.

25. **Ms. Teo** (Singapore) said that a poverty alleviation strategy that was not underpinned by sustainable economic growth could not succeed in the long run. In that sense, greater South-South cooperation could only strengthen the economies of developing countries, and the progressive removal of barriers to trade and investment would help continue that process. Singapore was a strong proponent of South-South cooperation. Having benefited from assistance shortly after its independence, it had since contributed to the training of staff from developing countries, in partnership with developed countries and international organizations. Singapore believed that there was scope for further expanding the current levels of cooperation.

26. **Ms. Zainul Abidin** (Malaysia) said that United Nations operational activities must maintain their voluntary and grant nature and their neutrality and multilateralism. A political consensus would therefore have to be reached between the developed and developing world and discussions on development issues must not be polarized along North-South lines.

27. The triennial comprehensive policy review, should deal only with those issues directly linked to United Nations operational activities for development, and not with the other issues reflected in the report of the High-level Panel on United Nations System-wide Coherence in the Areas of Development, Humanitarian Assistance and the Environment. However, the resolution on the review must include an evaluation of the approach outlined in the report of the Panel, entitled "Delivering as one" (A/61/583), as well as the lessons learned from that approach, taking into account national particularities and priorities. Those findings could then be used in the mid-term review process. In the interim, such information should be submitted to the Economic and Social Council Annual Ministerial Review and Development Cooperation Forum.

28. Her delegation was concerned that the increase in non-core funding far outstripped the growth in core funding; that the share of core funding had declined in proportion to the total amount of contributions received by the United Nations system; and that overall contributions to the United Nations system for operational activities had fallen in 2006. The rapid increase in non-core funding risked jeopardizing not only the voluntary and grant nature but also the neutrality and multilateralism of United Nations operational activities. Since a rapid increase in core funding would be required to overcome that threat, she strongly urged developed countries to rescind their zero-growth policies with regard to assessed contributions to the regular budgets of specialized agencies. That would enable the United Nations system to better respond to the new demands of the United Nations agenda as well as to national plans and priorities.

29. The Department of Economic and Social Affairs should continue its efforts to build a comprehensive and sustainable financial data and reporting system. There were important differences between the way the United Nations and the Development Assistance Committee of the Organization for Economic Cooperation and Development defined, classified and reported contributions to the United Nations system. Her delegation therefore encouraged those organizations to continue to work together closely in that area. Once their harmonization efforts had yielded results, the findings should be brought to the intergovernmental process for further deliberation and action, if necessary. It was important for governments to have a common standard by which to assess levels of funding.

30. The increase in capital flows between developing countries indicated the new dynamism of those countries in the global market and a healthy growth in the economies of the more advanced developing countries. However, the upward trend in South-South cooperation might be perceived as a replacement for ODA to developing countries. More needed to be done to understand the nature and dynamics of South-South cooperation. In particular, it was important to know whether the trade figures reflected an overall deepening and/or widening of economic relations among countries of the South or merely an increase in a few large items, such as trade in commodities and the transit of goods to the North. It was also necessary to assess how effective capacity-building programmes had been and to what extent they reflected the needs of the recipient countries. Another question was how triangular cooperation could go beyond the present limited conceptual framework and meaningfully address the asymmetrical power relations between the developed and developing world.

31. It was also critical to ensure clarity in the conceptual framework underpinning South-South cooperation. To that end, South-South cooperation must be driven by the countries of the South; it must not be seen as a replacement for North-South cooperation; it must not be analysed and evaluated using the same standards as those employed for North-South relations; and financial contributions from the more advanced developing countries should not be seen as ODA.

32. **Mr. Al-Hababi** (Qatar) said that the full commitment of the United Nations was essential to fulfilment of the role vested in it by the 2005 World Summit Outcome, which had pledged to strengthen the effectiveness and coordination of United Nations operational activities, and to the follow-up of that Outcome. Equally essential was its commitment to the full implementation, in consultation with Member States, of General Assembly resolution 59/250 on the triennial comprehensive policy review of operational activities for development of the United Nations system, which set clear guidelines for the achievement of further progress in that regard.

33. The current review should identify obstacles and causes relating to any failure of implementation, as

well as determine responsibility and establish measures for getting back on track. The further proposals of the Secretary-General for strengthening the management, coordination and coherence of United Nations operational activities should also be considered, with due regard for the integrity and respective mandates of United Nations bodies. Programming could moreover be improved by making use of the relative advantages of each body and coordinating among them.

34. United Nations development assistance should be universal, impartial, multilateral and responsive to the needs of developing countries. Organization and planning at the country level should be based on national development agendas and geared to achieving the Millennium Development Goals and any other agreed targets included in national strategies. Financing should also be adequate and steady enough to be mobilized for development assistance purposes, although it was important at the same time to explore new financing mechanisms. Lastly, in view of the complex nature of development operations, non-resident United Nations entities should be involved in directing the reform process, thereby making the most of the diversity of expertise within the Organization.

35. **Ms. Gustava** (Mozambique) said that the Committee should seize the opportunity offered by the triennial comprehensive policy review to explore the best ways to reform the work of the United Nations system and improve delivery of operational activities at the country level. United Nations operations activities for development played a crucial role in addressing the development needs of developing countries worldwide. More therefore had to be done to enhance the ability of the United Nations system to support developing countries in their efforts to implement their national development programmes and strategies aimed at eradicating poverty and achieving the internationally agreed development goals, including the Millennium Development Goals.

36. Mozambique enjoyed a sound partnership with the United Nations system at the country level. Indeed, since 1998, the United Nations system in Mozambique had taken steps to improve its level of coordination with national strategies, particularly through the United Nations Development Assistance Framework (UNDAF). Her Government welcomed the report of the Secretary General's High-level Panel on System-wide Coherence and the recommendations contained therein. The report had made an invaluable contribution to the establishment of a stronger and more coherent United Nations system which could act as a full and effective development partner at the country level.

37. The Government of Mozambique had volunteered to be one of the first eight pilot countries for the One United Nations programme, which aimed to ensure greater coherence and effectiveness of United Nations development efforts at the country level. Mechanisms had been put in place to move the pilot process forward in Mozambique based on the experience gained from UNDAF. A steering committee would shortly be established to oversee and monitor that process.

38. A joint programme would be drawn up that included specialized and non-specialized, resident and non-resident agencies that could play a role in the development process in Mozambique, particularly those that were not part of UNDAF. With the support of her Government, the United Nations family would establish a United Nations joint office in Mozambique. The main challenge was to harmonize administrative costs and procedures among United Nations agencies, funds and programmes in order to reduce costs. The pilot process should maximize development results and minimize transactions costs, while ensuring a full ownership and leadership role for the Government in the areas of planning and management and in the operational field at the national and local levels. Strengthening the role of the resident coordinator would help to deliver tangible results. Furthermore, the lessons learned from the pilot process would serve as inputs to the intergovernmental process and to General Assembly decisions. The United Nations should support the exchange of experience by the pilot countries of the One United Nations programme as a whole.

39. **Ms. McLennan** (New Zealand) said that her country was a strong supporter of the United Nations development system and was highly committed to improved development effectiveness. The United Nations must strive to maintain its relevance by consistently adapting to a rapidly changing world and by continuing to deliver tangible results on the ground.

40. National ownership was a crucial component of all development activities. The United Nations funds, programmes and specialized agencies should increasingly align themselves with the national

priorities and plans of developing countries and use their national expertise wherever possible. While the United Nations had the technical expertise and knowledge to support the capacity development needs of developing countries, such needs should be identified and requested by the developing country partners.

41. Development interventions could be made more effective overall only through heightened coordination efforts. Her delegation wished to see a United Nations system with better internal coordination and also improved coordination with development partners, including the Bretton Woods institutions, donors, the private sector and civil society. It therefore encouraged United Nations country teams to continue their work towards "delivering as one", where appropriate.

42. Since leadership was crucial to improve coordination at the country level, the resident coordinator system should be strengthened with the appropriate authority, accountability, resources, monitoring framework and dispute resolution mechanism.

43. Her delegation fully subscribed to the need to improve the quality of aid and also expressed the desire for an effective operational system that provided value for money on the ground. Since greater predictability and dependability of financing was essential, the continuing imbalance between core and non-core resources was a matter for concern. Her delegation supported flexible and unearmarked multi-year contributions.

44. Human rights were at the core of all development policy, and fundamental rights and freedoms were threatened wherever there was poverty. Development assistance particularly needed to address the rights of the poorest and the most vulnerable. New Zealand was firmly committed to the integration of human rights and gender equality in all aspects of the work of the United Nations. Those principles should be increasingly mainstreamed within the operational activities of all United Nations agencies.

45. Her delegation attached importance to concluding deliberations on the triennial comprehensive policy review at the current session. To that end, it stood ready to work constructively with the Committee.

46. **Mr. Liu** Zhenmin (China) said that the efforts over the previous three years to implement General Assembly resolution 59/250 and the follow-up to the 2005 World Summit Outcome had achieved clear results: assistance activities were more tailored to national development strategies and to the Millennium Development Goals; the cost of planning and delivering assistance programmes had been reduced; and efforts to manage and share knowledge among funds and programmes had been strengthened. However, a number of shortcomings still existed within the United Nations development system, including the imbalance in the ratio of core to non-core resources; the lack of planning and coordination for national capacity-building; and the inadequate role of recipient governments in coordinating the planning and delivery of assistance.

47. His delegation hoped that the developed countries would honour their commitments so that the ODA target of 0.7 per cent of GNI could be achieved promptly. It was also in favour of setting timetables and creating monitoring mechanisms for the achievement of ODA targets based on the target dates for the Goals.

48. Sufficient, sustainable and predictable core resources guaranteed effective implementation of the principle of national ownership. In recent years, the share of core resources in the overall resource level had been declining in the majority of United Nations programmes, funds and agencies. That downward trend could easily compromise the multilateral, neutral and grant nature of United Nations assistance, lead to increased competition for contributions of non-core resources and increase the cost of fund management. His delegation fully endorsed the observations in the report of the Secretary-General in that regard. The funds, programmes and agencies within the United Nations development system needed to explore innovative approaches with a sense of urgency to improve the funding structure by increasing the share of core resources. At the same time, efforts should be made to minimize the negative effects of non-core resources by strengthening coordination and planning and by making flexible use of the various policy coordination tools.

49. The reform of United Nations operational activities for development should enhance the ability of the United Nations to meet the needs of recipient countries in an integrated and flexible manner. Such reform should safeguard the leadership and ownership of recipient countries and ensure the consent

and participation of the recipient governments without any conditions or fixed models. Moreover, savings from the reform should be reinvested in assistance programmes. Attention should also be given to the issue of accountability when strengthening the resident coordinator system.

50. National capacity-building should be mainstreamed into the work of the development system. In a more targeted manner, with particular focus on employing more experts from recipient countries and helping them to gain access to state-of-the-art technologies. In addition, feasible and sustainable capacity-building programmes should be formulated in the light of the specific needs and implementing capabilities of the recipient countries.

51. The increasing diversity among developing countries provided tremendous potential for South-South cooperation and it was necessary to explore new ways and means to take greater advantage of the economic complementarities among developing countries. At the same time, an enabling environment should be created for South-South cooperation by resolving practical problems resulting from inadequate financial guarantees and inefficient coordination and management mechanisms. The United Nations should identify priority areas for South-South cooperation and develop forward-looking strategic plans of action for use by developing countries. Efforts should be made to improve the capacity of the relevant United Nations mechanisms and bodies for South-South cooperation, especially practical measures to enhance the role of the High-level Committee on South-South Cooperation and the UNDP Special Unit for South-South Cooperation of the United Nations Development Programme. Concrete actions should also be taken to address the problem of insufficient financial resources for South-South cooperation within the United Nations system. His delegation welcomed the funding for South-South cooperation provided by developed countries under triangular cooperation. China had always been an active participant in South-South cooperation and stood ready to join other developing countries in efforts to further advance such cooperation in the future.

52. **Ms. Juul** (Norway) said that the recommendations of the 2005 World Summit for stronger system-wide coherence should be incorporated into the 2007 triennial comprehensive policy review. In addition, many of the recommendations of the High-level Panel on System-wide Coherence were relevant to the review and should be discussed. Development assistance must be increased substantially if the Millennium Development Goals were to be reached by 2015. Donors needed to fulfil their commitments, including those in the Monterrey Consensus. Norway stood ready to do its part and was trying to devote 1 per cent of GNI to ODA.

53. The quantity, quality and predictability of development assistance from the United Nations were key issues. The imbalance between core and non-core resources must be addressed. Incentives must be put in place for redirecting ODA towards core funding and predictable multi-year pledges. An efficient and accountable United Nations system would attract core financing and United Nations organizations must avoid fragmentation and competition over resources. The Paris Declaration on Aid Effectiveness should be mainstreamed into the United Nations system by including it in the review.

54. As a donor, Norway could not defend spending scarce development funds on a system which host governments found unnecessarily complicated; too many resources were spent on bureaucratic overheads instead of programmatic activities. Negotiations on the resolution on the triennial comprehensive policy review should be aimed at ensuring that the United Nations remained an effective development actor. The resident coordinator system was vital to ensure a coherent and responsive United Nations at country level and the resident coordinator must be seen to represent the United Nations system as a whole. Her delegation welcomed the progress achieved in establishing system-wide performance criteria and an accountability framework for the resident coordinators. Increased ownership of the system as a whole, recruitment of resident coordinators from other agencies, and clear separation of the coordination and the operational roles of the UNDP were essential to strengthening the legitimacy of the resident coordinator. Norway supported the strengthening of the resident coordinator system by providing appropriate authority, resources and accountability, as well as a common management, programming and monitoring framework.

55. Member States had a responsibility to ensure effective intergovernmental governance that was responsive to national demands and underpinned national ownership. Norway welcomed the efforts

being made by funds and programmes and by the specialized agencies in the Chief Executives Board for Coordination to facilitate cooperation and coherence at the country level. The Board should continue harmonization of practices and removal of structural bottlenecks. However, some issues required attention at the intergovernmental level. Measures to address them should be discussed during the negotiations on the review. The United Nations agencies should implement the recommendations of the 2004 review concerning the mainstreaming of gender equality. They should move towards concrete proposals such as gender-responsive budgeting, tracking allocations, building on lessons learned, sharing best practices, and setting up monitoring and performance criteria. The resident coordinator should ensure that gender equality and empowerment of women were mainstreamed in the Organization's activities at the country level.

56. A human-rights based approach to development would strengthen national capacities to implement international norms and standards in the area of human rights. The role of the United Nations system in implementation at the country level should be determined through agreements with national partners, in accordance with established mandates. The protection of the environment was also an integral component of sustainable development and should be recognized as such in the review.

57. Post-crisis conflict situations required concerted and rapid action. The United Nations needed to develop a coherent and effective response framework in support of national efforts and in collaboration with partners. Joint tool kits such as the Post-Conflict Needs Assessment were a welcome step forward, and the United Nations should consolidate its partnership with other actors such as the World Bank in that regard. Further efforts were needed to clarify coordination, division of labour, leadership, sequencing and prioritization. There was also a need for a flexible funding modality for the early recovery period. More attention should be given to disaster risk reduction and conflict management in a post-crisis period, and there should be a stronger focus on prevention in general.

58. Monitoring and evaluation should continue to improve and all United Nations bodies that had not yet done so should adopt the norms and standards of the United Nations Evaluation Group (UNEG). United Nations organizations should enhance results-based management in the planning of programmes and projects in order to facilitate evaluation of results on the ground. A mechanism should be set up for monitoring the next review, including through time-bound targets and clear benchmarks.

59. **Mr. Amorós Núñez** (Cuba) said that the various funds, programmes and agencies of the Organization should maintain their separate identities, in view of the strengths that they had built up over the years. His Government was not in favour of adopting common management or programming frameworks on the ground. The current discussions in the General Assembly on the recommendations of the High-level Panel on System-wide Coherence should continue in the forum that had already been agreed, maintaining a comprehensive approach to the recommendations of the High-level Panel, as proposed by the Group of 77 and the non-aligned countries.

60. Operational activities should reflect national policies and development priorities, respecting the mandates given by Member States. Cuba viewed with concern the increasing UNDP emphasis on activities not directly related to economic and social development. UNDP should not become involved in tasks being performed by other agencies in the system.

61. His delegation was also concerned about the increase in supplementary resources earmarked for emergencies and for issues that were important to donors, while basic or regular resources were becoming scarcer. Humanitarian assistance should be provided, with the consent of the country concerned, but not to the detriment of the main purpose of the Organization's funds and programmes. Donor countries should provide the basic resources needed for operational activities in a permanent, stable and predictable manner and, in particular, without conditionalities. Supplementary resources should never be seen as a substitute for core resources. Specific funds must be allocated to support South-South cooperation, particularly technical and economic cooperation between developing countries. However, South-South cooperation should not replace North-South cooperation, and should not affect the scarce resources currently allocated for operational activities.

62. **Mr. Kumar** (Nepal) said that operational activities for development should support local

development priorities, with greater focus on local technical capacity-building. Sustainable capacity-building activities were contingent on the strengthening of national ownership and leadership of development activities. The resident coordinator system should be made more efficient and accountable. It was also important to respect the social mores and cultural sensitivities of the local people. The triennial comprehensive policy review should be geared towards strengthening constructive and broad-based development collaboration, supported by adequate and predictable funding. Long-term operational efficiency, sustainability and productive capability could be achieved by investing in development infrastructure, strengthening economic institutions and establishing a viable technological base.

63. The United Nations development system could be instrumental in accelerating and broadening South-South cooperation, including through triangular cooperation. A United Nations conference on South-South cooperation marking the thirtieth anniversary of the Buenos Aires Plan of Action would offer a good opportunity to expand the base of South-South cooperation.

64. **Mr. Rees** (United States of America) said that the United Nations should focus on capacity-building. Bearing in mind the World Summit Outcome, the top priority should be to help countries build and consolidate democratic institutions to promote good governance as the foundation for development and to ensure aid effectiveness in the long run. Member States should make every effort to reach the goals they had set for themselves in the Millennium Declaration. The United Nations development agencies should make special efforts, wherever possible, to support the countries that were most in need. A special cooperative focus on sub-Saharan Africa was appropriate.

65. Members must strive for greater coordination in development activities. Several countries had volunteered to work with the United Nations in undertaking "one-UN" national pilot programmes in line with the recommendations of the High-level Panel on System-wide Coherence. Major stakeholders, including the countries themselves, the agencies involved, the United Nations Evaluation Group and the regional commissions should play important roles in a rigorous evaluation process. The Committee's resolution on the review should focus on results so as to bring together the substance and process issues in a coherent development vision. The resolution should be clear about the Organization's objectives and expected results. It should also be clear that, in order for the agencies to be results-oriented, their resources should be linked to programme performance.

66. **Ms. Mills** (Jamaica) said that it was essential to properly assess the impact and effectiveness of the United Nations contribution to national development plans and strategies so as to enable developing countries to measure their own progress towards attaining national goals and objectives. Capacity development could be facilitated through greater utilization of expertise at the national level, in keeping with the objective of ensuring national ownership and leadership. Maintaining that focus would significantly increase the potential for reducing transaction costs.

67. Predictable, stable, long-term core funding was fundamental so that the United Nations development system could effectively discharge its responsibilities with respect to operational activities for development. The fact that core funding had been decreasing relative to non-core funding was a matter of concern. Jamaica concurred with the Secretary-General that dependence on non-core funding also risked affecting the perception of the role of the United Nations as a trusted partner of national governments. Her delegation urged Member States, in particular donor countries, to increase their non-earmarked contributions, in recognition of the need for a substantial and sustained increase in funding for operational activities for development. Jamaica also endorsed the call made in the report of the Secretary-General (A/62/253) for the improved coverage, timeliness, quality and comparability of system-wide financial data for financial reporting of operational activities for development.

68. The triennial comprehensive policy review should not be preceded or superseded by any other process unless so decided by the General Assembly. The strategic planning cycles of United Nations funds and programmes should be fully aligned with the review cycle so as to avoid unnecessary complications in discussions by the respective governance structures. There should be greater collaboration between the United Nations development system and the Peacebuilding Commission in order to ensure that long-term socio-economic recovery and development objectives of post-conflict countries were realized.

There should also be greater cooperation and coordination with the Bretton Woods institutions in the provision of development assistance, in accordance with the priorities of recipient countries. Her delegation was concerned about the tendency for the United Nations system to adopt common approaches in its response to countries adversely affected by natural disasters or conflicts. There should be no attempt to diminish the challenges faced by countries in those situations by taking the same approach in responding to very different circumstances.

69. Special attention should be given to coordination of the United Nations development system at the country level. Jamaica was concerned about the potential for diluting the development focus of the assistance provided by United Nations funds, programmes and specialized agencies in favour of strengthening coordination mechanisms in the field. Efforts aimed at achieving system-wide coherence should focus on how existing mechanisms could be improved and maximized so as to avoid unnecessary duplication and overlapping. The United Nations Development Assistance Framework (UNDAF) Guidelines and Common Country Assessments had proven particularly useful in enhancing cooperation and coordination on the ground. It was imperative to carefully deliberate on issues regarding coherence in order to ensure that the overall effectiveness of operational activities for development was not compromised.

70. The review should give further guidance on how best the United Nations development system could contribute to the strengthening of South-South cooperation as a complement to international cooperation for development. The Committee's focus on the most disadvantaged and vulnerable countries should not detract from the fact that developing countries as a whole required the support and assistance of the entire United Nations development system. The focus on socio-economic development should take into account the grave inequities that persisted among and within countries and regions.

71. **Mr. Tarragô** (Brazil) said that Brazil's experience was marked by a number of South-South cooperation initiatives in different fields, including agriculture, fiscal administration, combating HIV/AIDS, biofuels and sport, and in different regions. That fruitful exchange of knowledge and experiences was favoured by Brazil's cultural, historical, geographical and political ties that had roots in many different countries.

72. At the bilateral level, Brazil's technical cooperation was designed to contribute to national goals and consisted in the sharing of experience and expertise through the provision of consultants and technicians, the promotion of training courses, the building of professional capacity and the donation of equipment. While geared towards the least developed countries and landlocked developing countries, it also incorporated the benefits of cooperation with other middle-income countries. In that regard, Brazil was open to developing partnerships with other countries of the South, including through triangular initiatives. His Government had recently concluded cooperation agreements with Angola, Burkina Faso and the Congo.

73. At the multilateral level, the India-Brazil-South Africa (IBSA) Fund was assisting in the implementation of an agricultural development project in Guinea-Bissau and a solid waste collection project in Haiti and, in cooperation with the Special Unit for South-South Cooperation, was seeking to provide new models for project presentation, design, administration and monitoring. A key aspect of that was better budget management through more economical methods of hiring foreign consultants. Brazil wished to continue its fruitful cooperation with multilateral agencies in third countries in the implementation of joint projects. In December 2004, Brazil and the World Bank had signed the first contract between an international financial institution and a developing country to co-finance a project in another developing country.

74. Lastly, the convening of a United Nations conference on South-South cooperation would boost international efforts to shape the boundaries and modalities of such cooperation. In that regard, his delegation welcomed Argentina's offer to host such a conference.

75. **Mr. Punkrasin** (Thailand) said that operational activities for development of the United Nations system must respond to the development needs of developing countries in a flexible and coherent manner in accordance with their national development strategies and priorities. He also emphasized the importance of aid effectiveness, results-based management and accountability, as set out in the Paris Declaration on Aid Effectiveness, and of coordinating

and harmonizing United Nations assistance with other development assistance. The One United Nations concept could be implemented not in its structure, but in what it could deliver to recipient countries. He recognized that the resident coordinator system had a key role to play in the functioning of the United Nations system at the country level, but stressed the importance of national ownership and leadership in national development processes.

76. Noting the dramatic increase in South-South transactions, the continual rise of regional and interregional South-South cooperation and the fact that concessional flows of South-South assistance had increased to $3 billion in 2006 (A/62/295, para. 33), he said that South-South cooperation was an effective approach to managing complex transnational development issues with a view to attaining internationally agreed development goals, including the Millennium Development Goals.

77. Thailand had been implementing South-South cooperation programmes since 1975 and had been developing its role as an emerging donor for over half a decade. In 2005, Thai ODA had reached 0.13 per cent of GNI, a level comparable to that provided by the Organization for Economic Cooperation and Development (OECD) countries. Thailand worked closely with its neighbours to narrow development gaps among Association of Southeast Asian Nations (ASEAN) members. It had provided over $10 million in bilateral technical cooperation to neighbouring countries and around $123 million for transportation projects. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) currently encompassed 13 key areas. Negotiations on a BIMSTEC Free Trade Area had begun in 2004. Thailand also shared best practices in such areas as health and management with other regions.

78. His Government attached great importance to public-private partnerships under South-South cooperation. The Mae Fah Luang Foundation was working to rehabilitate depleted forests, replace opium poppy cultivation through crop substitution schemes and eradicate drug processing, trading and consumption in the northern province of Doi Tung. It was sharing knowledge with the Government of Afghanistan, with a view to reducing opium poppy cultivation there. Thailand had also strengthened its role as an emerging donor by setting up the Thailand-UNDP Country Partnership Programme for 2007-2011.

79. South-South cooperation must not replace North-South cooperation and assistance, or be limited to relationships among States. The United Nations must promote not only cooperation among the South, but also real multilateralism, inclusive partnerships and well-coordinated action to harness resources in the South. The United Nations must act as facilitator in establishing systematic transfers of technical and financial planning for emerging donors in the South. It also had a key role to play in harmonizing and aligning development cooperation, in order to achieve accountability, coherence and maximum development results from old and new donors alike.

80. **Mr. Mishkorudny** (Belarus) said that United Nations operational activities for development were a key element in the reform of the Organization, since that reform affected the interests of all countries, particularly the programme countries. His delegation favoured rational reforms capable of realistically enhancing the capacity of the Organization to meet the challenges ahead. It also believed that the governments of the recipient countries should retain the leading role in the organization of United Nations programme activities in their countries.

81. It was advisable to take a balanced approach with regard to the introduction of uniform models of work at the country level. For example, in such countries as Belarus, where there were a small number of United Nations agencies, a "small country team" made more sense than a "one country team". At the same time, countries with economies in transition clearly needed completely different tools from those of the least developed countries.

82. Reform should not hinder the implementation of the fundamental objective of operational activities, namely development assistance. The United Nations should provide assistance to programme countries for capacity-building in the fields of human rights and good governance only when requested to do so by those countries. It was inadmissible to attempt to introduce discriminatory criteria against country recipients of international assistance based on evaluations of the effectiveness of their national economic policies, State governance and human rights systems.

83. His delegation underlined the importance of assistance to enhance energy security. Given the increasing deficit of energy resources and the threat of climate change, UNDP and other United Nations agencies should provide programme countries with the assistance required to expand their access to alternative energy sources and new technologies in that area.

84. His delegation welcomed the adoption by consensus of the UNDP strategic plan for 2008-2011. The decision of the UNDP Governing Council in that regard and the report of the Secretary-General on progress in the implementation of General Assembly resolution 59/250 provided a good basis for negotiations on a new resolution on the triennial comprehensive policy review of operational activities for development of the United Nations system.

85. The new resolution should retain the universal, voluntary and grant nature of operational activities, their neutrality and their multilateralism, as well as their ability to respond to the development needs of recipient countries in a flexible manner, and in accordance with the changing policies and priorities of those countries.

86. Economic cooperation among developing countries was a promising area whose full potential had not been realized. One way to increase such cooperation might be the establishment of a South-South unified economic database, which could facilitate contacts between developing countries on trade and investment issues. His delegation therefore requested UNDP to consider providing assistance for the creation of such a database. In order to develop South-South cooperation, it would be necessary to make more systematic and consistent use of the United Nations system, especially UNDP. The development of South-South cooperation should also be included in the regional, subregional and country programmes of UNDP.

87. **Mr. Sul** Kyung-hoon (Republic of Korea) said that the fact that the current triennial comprehensive policy review was taking place at the midway point between the adoption and the deadline for the attainment of the Millennium Development Goals made it particularly meaningful. He was confident that the outcome of the review would reinvigorate efforts to realize those Goals.

88. While the increase in total funding for the United Nations system was welcome, the widening imbalance between core and non-core resources was a matter of concern. It was important to find out why donor countries were more attracted to non-core funding and explore ways of increasing the adequacy and long-term predictability of non-core and supplementary resources. Strategic planning and results-based management, along with accountability and transparency across the United Nations system, should eventually lead to increased commitments to core and regular resources.

89. The success of development efforts would depend on the extent to which developing countries' capacity was nurtured. Development capacity involved a variety of economic and social factors. The promotion of human rights and gender equality should be an indispensable part of development. Furthermore, in addition to national ownership and leadership, greater use should be made of national systems and their expertise and staff when executing development programmes.

90. The development agenda could not be implemented effectively without the full participation of women in all aspects of development. Education and equal opportunities for women were a vital condition for development. In that context, his delegation supported more vigorous implementation of a system-wide action plan on gender mainstreaming and empowerment of women. He welcomed efforts to achieve gender parity among resident coordinators.

91. The resident coordinator system was an integral part of the development process from the perspective of "Delivering as one United Nations" at the country level. His delegation supported the Secretary-General's recommendations aimed at strengthening the resident coordinator system through a more vigorous and competitive selection process, a stronger system of training and a comprehensive accountability framework (A/62/253, para. 42 (j)) and recognized the need to better delineate the roles of resident coordinator and resident representative of UNDP (ibid., para. 39).

92. Lastly, as a country emerging from development, the Republic of Korea was fully aware of the importance of South-South cooperation. Noting that the recent GDP growth rate among developing countries had exceeded the global average, that South-South trade was expanding more rapidly than other trade flows, and that capital flows between developing

countries had also grown more rapidly than North-South flows, he said that the triennial comprehensive policy review should facilitate multilateral, system-wide support for South-South and triangular cooperation.

93. **Mr. Kim** In Ryong (Democratic People's Republic of Korea) said that South-South cooperation enabled developing countries to strengthen solidarity among themselves and achieve sustainable development through self-reliance. Efforts to promote such cooperation — such as the strategies and action programmes announced at the Asian-African Summit 2005, the second South Summit and the fourteenth Non-Aligned Movement Summit — would mitigate the adverse effects of the global economic environment and better equip developing countries to achieve the Millennium Development Goals.

94. Economic cooperation among developing countries had provided new impetus to international economic relations in recent years. The United Nations should bolster developing countries' efforts to strengthen regional and interregional cooperation. His delegation supported the recommendation by the High-level Committee on South-South Cooperation, at its fifteenth session, that a United Nations conference on South-South cooperation should be convened to commemorate the thirtieth anniversary of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries. It was also important to strengthen the role of the Special Unit for South-South Cooperation as a focal point for South-South cooperation; to enhance strategies and mechanisms for such cooperation within the United Nations system; to encourage the relevant United Nations entities to mainstream support for South-South and triangular cooperation in their regular activities; and to scale up international assistance for the implementation of initiatives relating to South-South cooperation.

95. For the past 10 years, and as part of its ongoing efforts to strengthen South-South cooperation, his Government, in close cooperation with the Pérez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries (PGTF) and the Special Unit for South-South Cooperation, had been training experts from developing countries in Asia and Africa in such fields as agriculture, science, technology, water resources and small- and medium-scale hydropower.

96. **Mr. Sabri** (United Nations Industrial Development Organization (UNIDO)) said that South-South cooperation could be a significant complement to North-South cooperation and that South-South industrial cooperation could be particularly beneficial. The South was becoming a major player in world industry and trade. Its share of world manufacturing had almost doubled since the 1980s and its share in global trade had risen from 29 per cent in 1996 to 37 per cent in 2006. South-South trade in manufactures, meanwhile, was expanding at around 7 per cent a year.

97. Fundamental changes in global manufacturing strengthened the rationale for South-South industrial cooperation. Manufacturing had been internationalized through the relocation of labour-intensive industries, outsourcing and the use of information and communication technologies. However, while a few dynamic developing countries had emerged in the global economy, other developing countries, particularly in sub-Saharan Africa, had been marginalized. South-South industrial cooperation would help ensure that the benefits of the new system of global manufacturing were shared more widely.

98. UNIDO was committed to renewing its efforts to broker the effective cooperation between developing countries, including through the establishment of Centres for South-South Industrial Cooperation to stimulate the development of mutually beneficial partnerships between the industrially more advanced developing countries and the least developed countries.

99. The first such Centre, launched in India in February 2007, would focus on six key rural- and urban-oriented industrial areas and reinforce existing South-South cooperation between UNIDO and India. The previous month, UNIDO and China had signed agreements on the establishment of a second Centre in Beijing and on the establishment in China of an international renewable energy centre to promote cooperation on hydropower, wind power and biomass technologies between China and sub-Saharan Africa in particular. The Governments of China and India were providing significant funding to those Centres as part of their commitment to ensuring that the benefits of industrial growth were spread more widely. Further Centres were envisaged in Brazil, Egypt and South Africa.

100. Highlighting two other areas of South-South cooperation that were important to his organization's mandate, he said that UNIDO was pleased to be a partner in the Tokyo International Conference on African Development (TICAD), which played an important role in fostering cooperation between the countries of the South and between the North and the South. UNIDO looked forward to playing an active role in TICAD IV in 2008.

101. The second area involved support to regional economic integration efforts. One such initiative was his organization's quality promotion programme with the West African Economic and Monetary Union (WAEMU). The programme, which had received considerable financial support from the European Union, was based on the understanding that the developing world, particularly the least developed countries, would not benefit from globalization and trade liberalization unless they had competitive exportable products. The relatively small size of WAEMU economies made it far more cost-effective to develop regional rather than national standards and accreditation systems. Working in such a way helped increase South-South cooperation, particularly in the development of supply chain systems for small and medium-sized enterprises in agro-based industries.

102. UNIDO was committed to working closely with the Special Unit for South-South Cooperation in order to promote South-South industrial cooperation and, in line with the guidance provided by its policymaking organs and United Nations mandates, would continue to consolidate its activities to promote South-South cooperation, with a focus on how such cooperation could benefit the least developed countries.

103. Lastly, he drew attention to a recent UNIDO publication entitled *Industrial development, trade and poverty reduction through South-South cooperation*, which could be downloaded from the UNIDO website.

*The meeting rose at 12.55 p.m.*

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## Second Committee

**Summary record of the 11th meeting**
Held at Headquarters, New York, on Thursday, 18 October 2007, at 3 p.m.

*Chairperson*: Mr. Hassan Ali Saleh (Vice-Chairperson) ..... (Lebanon)

## Contents

Agenda item 59: Operational activities for development (*continued*)

(a) Operational activities for development of the United Nations system (*continued*)

(b) Triennial comprehensive policy review of operational activities for development of the United Nations system (*continued*)

(c) South-South cooperation for development (*continued*)

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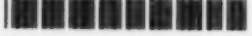

*In the absence of Ms. Lintonen (Finland), Mr. Hassan Ali Saleh (Lebanon), Vice-Chairperson, took the Chair.*

*The meeting was called to order at 3.05 p.m.*

**Agenda item 59: Operational activities for development** (*continued*)

**(a) Operational activities for development of the United Nations system** (*continued*) (A/62/188 and A/62/211)

**(b) Triennial comprehensive policy review of operational activities for development of the United Nations system** (*continued*) (A/62/73-E/2007/52, A/62/74-E/2007/54, A/62/211, A/62/253 and A/62/326)

**(c) South-South cooperation for development** (*continued*) (A/62/39 (Supplement No. 39), A/62/155, A/62/211 and A/62/295)

1. **Mr. Jallow** (Gambia) said that although the original mandate of the United Nations had been to maintain peace and security, that mandate had changed over the years to reflect the priorities of new Member States whose concerns were primarily poverty and development issues. That did not mean that the issues of development and peace and security were mutually exclusive: the former Secretary-General's report "In larger freedom: towards development, security and human rights for all" (A/59/2005) had emphasized the crucial links between security, development and human rights, which had been acknowledged by the international community.

2. While peace and security issues could be discussed at the international level within United Nations bodies and particularly the Security Council, development priorities were best addressed at the country level. The need for an improved United Nations development system at the country level was greater than ever. The donor community was increasingly channelling funds through the Bretton Woods institutions, whose adjustment programmes aggravated rather than alleviated poverty, and which lacked the technical expertise, coherent development goals and trusted interlocutors of the United Nations. Another avenue for development financing was through bilateral agreements, which were increasingly on a quid pro quo basis. For instance, development aid was granted in return for measures to improve good governance as set by the development partners. Such criteria usually excluded a large proportion of the world's population, as they lived in countries that could not meet the criteria. The sole use of such criteria would prevent the world from meeting the Millennium Development Goals, and those Goals could not be achieved without an adequately funded and better coordinated United Nations development system.

3. The triennial comprehensive policy review was therefore very important. The process was particularly important in the current year in the light of the current intergovernmental review of the High-level Panel on System-wide Coherence in the areas of development, humanitarian assistance and the environment and the recently concluded consideration of the United Nations Development Programme (UNDP) strategic plan 2008-2011. Measures to allow the different agencies to further benefit from each other's efforts and to avoid duplication of work were essential.

4. The critical characteristics of United Nations operational activities for development had to be maintained. The ability to respond to the development needs of programme countries in a flexible manner and the need for more flexible and predictable funding were important issues.

5. The issue of lack of country ownership should be addressed in the context of operational activities for development, as resources for development should be allocated and targeted in accordance with recipient countries' own development programmes and frameworks. Failure in that respect would not only hold back the long-term prospects for economic gains but would also undermine democratic processes.

6. Continuous efforts should be made to enhance South-South cooperation for development. It had enlarged and increased in volume over the past years in all areas, particularly trade and investment, which had had a significant impact on the current global economy. Despite that improvement, the need for equitable and all-encompassing economic growth and sustainable development remained a critical issue for developing countries. South-South cooperation was not an option but an essential complement to North-South cooperation that could contribute to the achievement of internationally agreed development goals, including the Millennium Development Goals. His Government agreed that South-South cooperation should be strengthened in a variety of areas. It was important to enhance direct cooperation between the Group of 77

and the Movement of Non-Aligned Countries in order to promote South-South cooperation through concrete initiatives and projects in all areas of interest to the countries of the South.

7. Rapid amalgamation of markets, mobility of capital, considerable increases in investment flows around the world and the process of globalization had brought new challenges and opportunities. Yet the benefits and costs of globalization were disproportionately distributed and developing countries faced economic and social difficulties in meeting that challenge. There was also a growing recognition that economic liberalization did not necessarily lead to social and economic benefits.

8. Many commitments made at United Nations conferences and summits in the economic and social fields had not yet been fully implemented. The international economic environment, with cyclical financial crises, external debt problems, insufficient levels of ODA, instability in commodity markets, the current uncertainty of the evolution of the multilateral trading system and disparities in foreign direct investment (FDI) flows and income distribution worldwide, was not conducive to achieving the Millennium Development Goals.

9. South-South trade should be enhanced. States should fulfil their commitments and implement the programmes and plans of action for South-South cooperation previously adopted at South-South conferences and summits.

10. **Ms. Rodríguez de Ortiz** (Bolivarian Republic of Venezuela) said that the international community had spent many years discussing development strategies to combat poverty, inequality and social exclusion as the common factor and most urgent problem of their societies. South-South cooperation was a fundamental pillar of her country's foreign policy, which was based on multipolarity, integration, complementarity, social inclusion and participative and activist democracy, in the context of bilateral political and economic relations. Only cooperation and common strategies in the context of regional and subregional integration would enable the peoples of the South to overcome the restrictions imposed on them and develop truly autonomous and independent strategies. Her Government's actions were aimed at expanding fair trade based on dialogue, transparency and respect, in order to contribute to truly sustainable development, offer better trade conditions and safeguard the rights of small producers and workers, especially in the South.

11. The Bolivarian Republic of Venezuela had carried out initiatives for South-South cooperation in the social, financial, energy and humanitarian fields and in general development financing. As her country was an oil producer and exporter, a fundamental pillar of its efforts in the context of South-South cooperation was energy integration. The PetroCaribe, PetroSur and PetroAmerica initiatives were intended to establish cooperation and integration mechanisms using the energy resources of the Caribbean, Central American and South American subregions as a basis for socio-economic development of the peoples of the continent. Her country was currently selling about 200,000 barrels per day of oil to Central America and the Caribbean. In addition to providing energy security to support the sustainable development of the peoples concerned, that sale represented a consolidated saving of US$ 1.6 billion per year for the countries concerned.

12. In that context, the Bolivarian Alternative for Latin America and the Caribbean (ALBA), has shown that relations between peoples could be based on an entirely different philosophy designed to overcome the evils affecting the peoples of the continent and humanity, and especially to eradicate poverty, in order to construct a new model of integration and avoid the devastation caused by the application of neoliberal strategies. The ALBA Caribe Fund for economic and social development was designed to finance social and economic programmes in the countries signatories to the agreement. Contributions consisted of financial and non-financial instruments and could be made from the financed portion of the oil bill or from the savings resulting from direct trade. The Fund had already brought direct or indirect benefits to many of the inhabitants of the countries involved. ALBA had also funded energy integration projects in Bolivia, Cuba and Nicaragua.

13. Other important initiatives in the context of South-South cooperation were the Miracle Mission for the treatment of patients with eye problems and the Robinson Mission, a joint literacy effort with Cuba.

14. In the financial sector, her country had led the way in generating financial cooperation and integration mechanisms by purchasing debt bonds from other countries and establishing new financial institutions with a social mission such as the Bank of the South.

Other significant initiatives launched by her Government in Latin America and the Caribbean between 1999 and 2006 included mechanisms for reimbursable cooperation to a value of almost $500 million and another $15 million in non-reimbursable cooperation to a large number of developing countries in areas such as infrastructure, energy, agriculture and general development financing.

15. With those new and innovative associations, the Bolivarian Republic of Venezuela had facilitated an exchange of information on best practices with brother peoples of the South on education, technical and other kinds of knowledge and know-how and had been able to move forward with its national development plan. Those efforts showed that political will based on the principles of solidarity, cooperation and complementarity offered great opportunities to combat underdevelopment, social exclusion and hunger.

16. United Nations entities and regional organizations should incorporate the best practices of South-South cooperation in their policies and operational programmes with a view to strengthening national capacities in the developing countries. In that context, her delegation welcomed the recommendation of the high-level meeting on the exchange of experiences in oil and gas development, held in Doha in September 2007, to establish a South-South centre and a network for hydrocarbons management.

17. **Mr. Heller** (Mexico) stressed the vital role of operational activities for development in supporting middle-income countries. According to the Organization's own data, a large percentage of the world's poor lived in middle-income countries and their needs should therefore be taken into account, without, of course, neglecting work in other regions and without creating competition for resources. The effectiveness, efficiency and coherence of operational activities for development should be enhanced, as well as their financing, in middle-income countries in general and Latin America in particular. In accordance with the principle that each country was responsible for its own development, United Nations agencies should provide technical cooperation and assistance in accordance with the priorities established by each country.

18. Close collaboration between the coordinators of United Nations programmes, funds and agencies and the governments of the recipient countries, as well as public- and private-sector and academic actors and social organizations, was extremely useful for the joint formulation of a contribution to national development plans. That sharing of effort, experience and capacities could help to identify the specific objectives that were relevant for national economic and social development in a way that was consistent with the human development goals of the United Nations. In that context, his Government welcomed the contribution of those programmes, funds and agencies to the preparation of the 2006 common country assessment for Mexico, which had identified the main challenges facing the country and facilitated the subsequent preparation and signing of the United Nations Development Assistance Framework (UNDAF) for 2008-2012.

19. In relation to the financing of operational activities for development, Mexico supported full compliance with internationally agreed ODA commitments and joined the call to donor countries and to those who were in a position to do so to increase the certainty and stability of the regular budget of the funds and programmes. Although his country was already making the tenth largest contribution to the regular budget of the United Nations, it was also making an exceptional effort to find ways of meeting the substantial rise in its contributions to UNDP, in the context of its "graduation" to net contributor country status.

20. Budget management for United Nations development efforts should be accompanied by measures to ensure the most efficient, effective and transparent possible use of resources by reducing transaction costs and maximizing efficiency. It was very useful to take into account the experiences of other programmes and specialized agencies and make periodic evaluations of progress in relation to simplifying and harmonizing administrative rules and procedures. Resident coordinators should engage in fund-raising to ensure that they could carry out their activities properly.

21. In relation to the coherence, efficiency and relevance of operational activities for development, all organizations of the United Nations system should improve their coordination in accordance with the relevant mandates and decisions of their governing bodies in order to avoid overlapping and duplication of tasks and to enhance their complementarity with

national efforts. Solutions to national problems should be tailored to local circumstances.

22. Resident coordinators should be given proper support and their work should be based on the principles of participation, inclusion, collegiality, transparency and accountability. Mexico also agreed with the statement in the report of the Secretary-General that the resident coordinator represented the United Nations as a whole, including agencies without a country presence. In that context, and recognizing the progress made in the past few years, delegations could reflect on the recruitment processes for senior officials in the United Nations development system and the need to strengthen principles such as transparency and competition for posts in order to find the best candidates both within and outside the system, standardize selection and recruitment practices and procedures in all agencies and ensure that gender and geographical balance criteria were duly taken into account.

23. In relation to regional dimensions, his Government welcomed the recommendation contained in the Secretary-General's report that the organizations of the United Nations system and its regional and subregional commissions and entities should strengthen their collaboration.

24. South-South cooperation was very important for sustainable development and for creating and strengthening local capacities. It was in no way a substitute for North-South cooperation, however, and should be understood as a complementary tool based on mutual learning and solidarity. His delegation welcomed the proposal to hold a high-level conference on South-South cooperation in Argentina.

25. Mexico was in a special situation in terms of international cooperation as both a recipient of international technical cooperation from relatively more developed countries and from international organizations and a provider of human and technological resources to support other developing countries, in particular, through its Meso-American Cooperation Programme. The purpose of Mexico's international cooperation was to strengthen relations between States and national capacity-building in order to enhance social development to combat extreme poverty and contribute to preserving and regenerating the environment and natural resources. Mexico also supported other innovative forms of international cooperation, particularly triangular cooperation schemes.

26. **Mr. Riofrío** (Ecuador) said that the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries, the Marrakesh Plan of Implementation of South-South Cooperation and other international instruments had contributed to the development of South-South cooperation in the international context, establishing it as an essential tool to mobilize human and economic resources of the South for the South, based on the principles of solidarity and the claim of developing countries and respecting the sovereignty and independence of States. South-South cooperation for development was not a substitute for North-South cooperation but was complementary, as it encouraged States of the South to share their experience and resources with other States with similar characteristics.

27. Ecuador was a beneficiary of triangular cooperation, which also contributed to the development of South-South cooperation by associating a traditional cooperation source with a middle-income country in cooperation projects in a third country. Under such an arrangement, resources from the North could be combined with the knowledge and experience of middle-income countries to benefit countries at a less advanced stage of development. Those modalities of cooperation were particularly important for those Latin American countries which had not experienced an increase in ODA. Triangular cooperation strengthened South-South cooperation and countries should make use of both of those tools in order to achieve internationally agreed development goals. Ecuador therefore urged the international community, including the international financial institutions, to provide firm support for developing countries' efforts in that context.

28. Ecuador, as an active participant in South-South cooperation, called for implementation of the results of the meeting of the High-level Committee on South-South Cooperation, held in New York in June 2007, especially in relation to enhanced harmonization and coordination among the entities of the United Nations system in order to include modalities for support of South-South cooperation in their programmes and activities. His delegation attached great importance to the proposal submitted to the High-level Committee to celebrate the thirtieth anniversary of the adoption of

the Buenos Aires Plan of Action in the city where that instrument had been produced.

29. **Mr. Petranto** (Indonesia) said that, with the deadline for achievement of the Millennium Development Goals a few years away, it was vital to formulate an operational framework for United Nations development activities that reflected developing countries' needs and encouraged greater participation of the international community. The outcome of the current triennial comprehensive policy review should be driven by the vision of a stronger role for the Organization on development issues, and the need to pursue implementation of internationally agreed development targets, including the Millennium Development Goals. System-wide policy orientation for development cooperation and country-level modalities was essential, including for UNDP. It was therefore vital that the review process should not be superseded by parallel processes and that United Nations development activities remained universal and multilateral.

30. If recipient countries were to be assured of a sustainable level of development, those operational activities must be endowed with predictable funding. Simplified programme delivery, sensitivity to national development programmes and coordination with government efforts were equally important. The United Nations must also create an environment that promoted global partnership for development, encouraging development partners and bilateral donors to promote cooperation programmes to support national development strategies. The balance between core and non-core funding resources needed to be restored and an adequate base established for development assistance.

31. South-South cooperation maintained and strengthened solidarity and unity in the developing countries' interests, complementing North-South cooperation and enhancing exchanges of best practices among developing countries, regardless of their development level. In that connection, the UNDP Special Unit for South-South Cooperation must be strengthened so that it could play an active role in integrating the efforts of the United Nations system. His delegation therefore welcomed the forthcoming conference on South-South Cooperation to be held in Argentina to commemorate the thirtieth anniversary of the adoption of the Buenos Aires Plan of Action.

32. Since the establishment of a NAM Centre for South-South Technical Cooperation in Indonesia, his country, together with other countries of the North and South, had provided training to — and shared expertise with — nationals of countries in the Asia-Pacific and Africa regions. Moreover, the Asia-Africa Summit 2005 had launched the New Asian-African Strategic Partnership for fostering political solidarity, economic cooperation and sociocultural relations. It had also launched a number of South-South initiatives, and others were in the pipeline. In the interest of solidarity, his delegation called for the convening of an Asian-African Conference on Capacity-building for Palestine. It also advocated action to prevent international development efforts from collapsing under the weight of unwritten and hidden international barriers to development. The international community must adhere to the principles of the Charter of the United Nations in delivering development wherever it was needed.

33. **Mr. Arsenault** (Canada) said that progress in some areas of the 2004 triennial comprehensive policy review had been uneven, and his delegation wished to work with all Member States to fill those gaps, while building on progress in other areas to improve the efficiency and development impact of the United Nations at the country level. While important gains had been made in coordination of efforts at the country level around a common UNDAF with the developing countries' approval, further efforts were needed to ensure that UNDAFs were more aligned with their needs and development plans and provided a strategic framework to guide the entire system's country efforts under a common vision and national leadership, rather than representing an aggregation of individual organizations' country programmes. The United Nations must strengthen its collective country-level capacity, an endeavour for which knowledge management was vital. There were, however, impediments, sometimes in the form of differing procedures and business practices, which hampered coordination and entailed high transaction costs. Although the resident coordinator system had greatly improved, it needed better to reflect United Nations system demand at the country level; the members of the United Nations family must engage more fully in the system so as to ensure that it served all their needs and better represented them all.

34. Turning to funding, he stressed that it was only one of the causes of the current fragmentation. It could not be analysed on its own, for it went hand in hand with results, efficiency and accountability. Accountability frameworks must reflect Member States' needs and interests. In that connection, while there had been considerable progress on evaluation since 2004, the 2007 triennial comprehensive policy review should guide the application of the norms and standards of the United Nations Evaluation Group. Stronger evaluation functions throughout the system and evaluation policies in organizations where they were lacking would enhance knowledge management across the system and strengthen developing countries' evaluation ownership and capacity. Canada also wished to work with Member States to establish time-bound targets and clear benchmarks in the 2007 review for enhanced system-wide use of results-based management.

35. Since there could be no significant advances in achievement of the internationally agreed development goals, including the Millennium Development Goals, without gender equality, his delegation applauded the creation of the gender theme groups, and increased joint country programmes and inter-agency work on gender mainstreaming, which was the responsibility of the United Nations. Accelerated and practical action in that area would advance sustainable poverty reduction and human rights. Accordingly, the funds, programmes and agencies must set concrete gender-equality goals, establish sex-disaggregated indicators, track country teams' allocations and spending on gender equality, and adopt institutional accountability mechanisms. His delegation wished to help improve United Nations operational activities so that their delivery on the ground contributed to lasting poverty reduction.

36. **Ms. Gebre-Egziabher** (Director, New York Office, United Nations Human Settlements Programme (UN-Habitat)) said that since the adoption of the Habitat Agenda in 1996, South-South cooperation had been the centrepiece of the agency's mandate and operations. The Agenda called for enhanced cooperation, technology transfer and the systematic exchange of knowledge and expertise to meet its twin goals of shelter for all and sustainable urbanization. With 2 billion people expected to join the ranks of urban dwellers in developing countries in the next 25 years, an average of 35 million homes — in addition to the necessary infrastructure and services — would need to be built each year for the next 25 years in order to accommodate them. Of the 1 billion urban dwellers currently living in slums, 94 per cent lived in the South, while the proportion of slum dwellers in the least developed countries stood at 78 per cent, and the total proportion for developing countries was 42 per cent. The scale and pace of that irreversible transition posed considerable challenges for attainment of the Millennium Development Goals, the battle for which would be won or lost in the cities. Without large investments in housing and urban development over the next two decades, most of the growing urban population in the South would not escape the trap of urban poverty, deplorable housing conditions, poor health, poor nutrition and low productivity.

37. Any form of cooperation required systematic matching of supply and demand for knowledge, expertise and experience. Accordingly, with the generous support of the Chinese Government, her agency had conducted global activities for promoting South-South and triangular cooperation for housing and urban development to forge a global framework at the regional and country levels. The Chinese Government had hosted three international conferences since 2000 — one on learning from best practices, which had resulted in the Chengdu Declaration on ways in which the Habitat Agenda could best be implemented through transfer and exchange of best practice expertise; another, in 2002, on financing social housing, which had been attended by housing finance stakeholders from all developing countries; and a third, on sustainable urbanization strategies, which had compared national experiences in social and economic development aimed at more balanced territorial development.

38. Slum improvement and prevention were a major part of the agency's regional activities, and, replicating the experience of the Meeting of Ministers and High-level Authorities on Housing and Urban Development for the Latin America and Caribbean region (MINURVI), UN-Habitat had organized ministerial meetings on housing and urban development for the Africa and Asia-Pacific regions. They had provided a forum for the exchange of experience in coping with rapid urbanization and urban growth, and would be followed by annual regional high-level meetings, which would eventually include countries with economies in transition. It was incumbent upon the international community to seize the opportunity

afforded by information-communication technology to match supply and demand for knowledge. UN-Habitat could make a small but significant contribution in the form of its best practices database as the portal for South-South cooperation for sustainable development.

*The meeting rose at 5.40 p.m.*

United Nations A/C.2/62/SR.12

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## Second Committee

**Summary record of the 12th meeting**
Held at Headquarters, New York, on Monday, 22 October 2007, at 3 p.m.

*Chairperson*: Ms. Santizo-Sandoval (Vice-Chairperson) ..... (Guatemala)

## Contents

Agenda item 52: Macroeconomic policy questions (*continued*)

(c) External debt crisis and development (*continued*)

Agenda item 41: Permanent sovereignty of the Palestinian people in the Occupied Palestinian Territory, including East Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources

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*In the absence of Ms. Lintonen (Finland), Ms Santizo-Sandoval (Guatemala), Vice-Chairperson, took the Chair.*

*The meeting was called to order at 3.10 p.m.*

**Agenda item 52: Macroeconomic policy questions** (*continued*)

**(c) External debt crisis and development** (*continued*) (A/C.2/62/L.2)

*Draft resolution on external debt crisis and development*

1. **Mr. Ayub** (Pakistan), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/62/L.2. He said that the draft resolution had been prepared on the understanding that, despite improvements in the situation of some developing countries, many of them were still facing difficulties in finding a durable solution to their external debt servicing obligations. The resources released under the Highly Indebted Poor Countries initiative and the Multilateral Debt Relief Initiative, while welcome, were completely inadequate to enable the developing countries to realize the internationally agreed development goals, including the Millennium Development Goals. Debt sustainability, in terms both of its definition and its calculation, was critical to the whole debt relief debate, and should be linked to a country's capacity to achieve its national development goals. The draft resolution sought to reflect a consensus of the wider United Nations membership, but the Group would welcome the contribution of other views.

**Agenda item 41: Permanent sovereignty of the Palestinian people in the Occupied Palestinian Territory, including East Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources** (A/62/75-E/2007/13 and A/C.2/62/6)

2. **Mr. Al-Dafa** (Executive Secretary, Economic and Social Commission for Western Asia) introduced the report transmitted by the Secretary-General on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the Occupied Palestinian Territory, including Jerusalem, and the Arab population in the occupied Syrian Golan (A/62/75-E/2007/13), as requested in General Assembly resolution 61/184.

3. The report indicated that the occupation of Palestinian territory by Israel, closures within and around the Gaza Strip and the West Bank, mobility restrictions and the withholding of Customs and VAT revenues had led to profound hardship for the Palestinian people. Unemployment was estimated at 30 per cent, while poverty had soared to 64 per cent overall and 88 per cent in Gaza. There was growing food insecurity and dependence on informal borrowing and aid, and all social and public health indicators revealed a decline in the standard of living.

4. The suffering of the Palestinians was exacerbated by arbitrary arrests and detentions, displacement of the population and destruction and confiscation of property. Over 9,000 Palestinian prisoners remained in Israeli prisons, and in 2006 the Israeli army had damaged 3,000 refugee shelters in the Gaza Strip and demolished 233 Palestinian structures in the West Bank. Contrary to international law, Israel continued to construct a 703-kilometre barrier, which would prevent 60,000 Palestinians from accessing the West Bank and their main source of livelihood, completely encircling 31,000 of them. Israeli settlements in the occupied Palestinian territory, also deemed illegal by the international community, remained and the growth rate of the settler population was almost triple that of the general population.

5. The report used data and information from various United Nations agencies and corroborated by the Secretariat, and should be afforded serious consideration. Improvements in the living conditions of the Palestinian people would not be achieved without a comprehensive, just and sustainable solution to the Palestinian-Israeli and Syrian-Israeli conflicts.

6. **Mr. Ali** (Syrian Arab Republic) referred to a letter from the Permanent Representative of the Syrian Arab Republic addressed to the Secretary-General (A/C.2/62/6), which provided complementary information for the portion of the report concerning the occupied Syrian Golan. While the Commission should continue to produce such reports, future reports should contain more detailed figures and statistics relating to Israeli practices in the occupied Syrian Golan, and give a true picture of the realities on the ground as they affected the Syrian population there. Noting the importance of diversifying the sources upon which such reports drew, he emphasized the willingness of the Government of the Syrian Arab Republic to supply any information that would assist in producing a report

that would reflect in detail the situation of the Syrian population in the occupied Syrian Golan.

7. **Mr. Hijazi** (Observer for Palestine) asked whether it would be possible for the report of the Commission to provide numbers and statistics with respect to Israeli practices in the earlier years of the 40-year occupation, and to have such numbers clustered in tables or matrices, so that the report would clearly demonstrate the cumulative effect of the occupation, rather than the effect over just one year. In previous years, the report had been introduced in a PowerPoint briefing, including tables and photos, that had graphically illustrated the details contained in the report submitted to the Committee.

8. **Mr. Al-Dafa** (Executive Secretary, Economic and Social Commission for Western Asia) responded that the complementary information provided by the Permanent Representative of the Syrian Arab Republic was covered in the report that had been submitted to the Committee.

9. The information sought by the Permanent Observer of Palestine, on Israeli practices over the past 40 years of occupation, did indeed exist and in the future could be presented in the form desired. Similarly, if a slide presentation was desired, with tables and photos, the Commission had all the information needed, would take that request into consideration and would probably be able to present the information in that form in the future.

10. **Ms. Al Mansoori** (United Arab Emirates) observed that recent international reports indicated that the Palestinian people in the Occupied Palestinian Territory continued to experience a humanitarian crisis resulting from the continuing Israeli occupation and the war crimes committed by the occupying forces.

11. Israel continued to control the borders and trade routes of Palestine, restricting the movement of people and goods, separating Palestinian lands and isolating cities. In flagrant defiance of international resolutions, Israel continued its expansionist policy by persisting in the construction of the separation barrier, which the Israeli Government had decided to lengthen by an extra 33 kilometres, an extension that would cause confiscation of yet more Palestinian lands and the displacement of yet more Arab populations. Furthermore, Israel continued to confiscate Palestinian lands to construct more illegal settlements and military bases, besides levelling agricultural land, destroying crops and irrigation networks and imposing closures and blockades. That in turn isolated and displaced thousands of individuals, preventing them from reaching their work and thus their main sources of income. In addition, Israel had been seizing water resources and contaminating the Palestinian territories with refuse and waste from the Israeli settlements.

12. Economic and humanitarian conditions were deteriorating, with a sharp increase in poverty and unemployment, especially in the Gaza Strip, owing to Israel's policy of continued closures and its refusal to commit to the implementation of the agreement on transportation and passage concluded with the Palestinians in 2005. Furthermore, Israel continued to confiscate lands in the occupied Syrian Golan and to build more illegal settlements, to seize water resources there, to increase measures to Judaize the area and to impose a policy of discrimination and oppression against the Arab population.

13. The United Arab Emirates reaffirmed its solidarity with the Palestinian people and Government, supporting their right to self-determination and to the establishment of an independent Palestinian State. It awaited with interest the convening of the international peace conference on the Middle East, hoping that it would reach a permanent, comprehensive and just settlement of the Arab-Israeli conflict in all its aspects, with the participation of all the parties involved.

14. The United Arab Emirates urged the international community to take the necessary measures to compel Israel to implement all international resolutions affirming the inalienable rights of the Palestinian people and the Arab population in the occupied Syrian Golan Heights to their natural resources and calling on Israel to refrain from exploiting, endangering or depleting such resources. It further urged the United Nations, especially the Security Council, to compel Israel to stop its aggression against the Palestinian people and Arab populations and their property, immediately to resume the peace negotiations according to the Arab Peace Initiative and the road map, both of which called for a comprehensive freeze on the building of settlements, dismantling of all outposts and the establishment of an independent, contiguous, viable Palestinian State.

15. The United Arab Emirates continued to support the Palestinian Authority and the Palestinian people through financial assistance, having contributed to the

reconstruction of what Israel had destroyed, including residential areas, schools, mosques, universities and hospitals. It called upon the international community and relevant international financial institutions to resume the provision of assistance to the Palestinian Authority and the Palestinian people to enable them to meet their basic living requirements until a just, comprehensive and lasting settlement was reached.

16. **Mr. Hijazi** (Observer for Palestine), noting that sovereignty over natural resources was an issue of particular significance to the Palestinian people, recalled that the General Assembly in resolution 1803 (XVII) referred to permanent sovereignty over natural wealth and resources as a "basic constituent of the right to self-determination".

17. For forty years, Israel had implemented a systematic and deliberate policy based on the illegal exploitation, diversion and degradation of Palestinian land and other natural resources. The Palestinians watched as their drinking water was diverted to slake the thirst of armed and hostile illegal settlers while they themselves went thirsty and their agricultural produce withered. Such a dangerous policy gravely violated Israel's obligations as an occupying Power under international humanitarian and human rights law, particularly the International Covenant on Economic, Social and Cultural Rights, the applicability of which had been reaffirmed in the advisory opinion of the International Court of Justice of 9 July 2004.

18. In its July 2007 report, entitled "The Humanitarian Impact on Palestinians of Israeli Settlements and Other Infrastructure in the West Bank", the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) provided a shocking depiction of the outcome of Israel's destructive policies and practices. According to that report, 40 per cent of the West Bank was now exploited by the occupation authorities for Israeli-only infrastructure. That exclusive infrastructure had been illegally built on occupied Palestinian land confiscated for the benefit of the occupier and its illegal armed settlers, and comprised, for example, an entire network of Israeli-only roads and an extensive system of military checkpoints that isolated Palestinian communities, denying them access to proper health and education services.

19. Israel also continued to construct the illegal wall in the West Bank, in violation of the advisory opinion of the International Court of Justice of 9 July 2004 and General Assembly resolution ES-10/15 of 20 July 2004. When completed, the illegal wall would be 703 kilometres long, creating disconnected enclaves containing 260,000 Palestinians — 11 per cent of the Palestinian population. Furthermore, 80 per cent of the wall would lie within the Occupied Palestinian Territory, isolating 575 square kilometres of the West Bank between itself and the Green Line, in what was termed the "seam zone".

20. Nor had Palestine's agricultural sector been spared from the ravages of Israeli occupation. At least 230 square kilometres of the West Bank's most fertile land had already been confiscated for the purpose of constructing the illegal wall. In the past seven years alone, the Israeli occupation regime had confiscated 254,933.6 dunums, razed 74,755 dunums, and uprooted over a million trees, markedly changing the topography and flora of Palestine.

21. The encroachment of Israel on the natural resources of the Palestinian people was not confined to illegal confiscation of fertile land and aquifers, but extended also to environmental pollution and degradation. Israeli occupation authorities had used Palestinian land as dumping grounds for the untreated sewage and other waste from the illegal Israeli settlements and the hundreds of chemical factories they had established in flagrant violation of international environmental law, especially the 1989 Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.

22. The Palestinian people could not work towards a future of freedom and self-determination when they saw their land and natural resources exploited and abused by the ruthless occupation. If the Israeli violations of the Palestinian people's sovereignty over their natural resources continued, a viable Palestinian State would become an impossible goal, notwithstanding eloquent professions of a desire for peace and a commitment to the establishment of a viable Palestinian State.

23. In that regard, some statements delivered by representatives of the occupying Power before the Committee were misleading. The occupying Power actually professed to seek cooperation in achieving the Millennium Development Goals and in applying technology for development, while its actions on the

ground represented one nation's advancement at the expense of another's resources and future viability.

24. There would be some voices alleging that his factual outline of the situation was politicized, was not proper for discussion by the Committee and was counterproductive to ongoing bilateral peace efforts. Palestine adamantly disagreed with those allegations, which were themselves political in nature. The description he had given did not contain abstract numbers, but represented facts on the ground that directly threatened the lives, livelihoods and living standards of hundreds of thousands of ordinary Palestinians. If those facts were not to be addressed within the Committee, how else were the Palestinians to defend their right to protect their natural resources from violation? Unless the Palestinian people's right to sovereignty over their natural resources were safeguarded, by ending the illegal and destructive practices of the Israeli occupier, there could be no chance of peace. The members of the Committee had a legal and moral obligation to protect the rights of all peoples to sovereignty over their natural resources and it was truly to be hoped that the rights of the Palestinian people would not be the lone exception.

25. **Mr. Tharyat** (Indonesia) said that, while the rest of the world was preoccupied by development and especially the attainment of the Millennium Development Goals, the Palestinians were continuing their daily struggle just to survive. The Millennium Development Goals were the right of all, but could not be achieved by a people whose attention was focused on escaping violence and whose right to a homeland was not fully respected.

26. The prolonged occupation of the Palestinian territory by Israel continued to worsen the economic and social hardships faced by the Palestinians, especially women and children, whose access to health and educational services, employment, markets and humanitarian assistance was severely restricted. Arbitrary arrests and detentions, population displacement, property destruction and confiscation, restricted access to natural resources, and water and environmental degradation caused great harm to any development effort. Public health services and food security were greatly deficient.

27. The national unity and territorial integrity of the Palestinian people had to be maintained. There had to be guaranteed freedom of movement of persons and goods in the Occupied Palestinian Territory and a removal of restrictions on entering and leaving East Jerusalem and on movement to and from the outside world. The inalienable rights of the Palestinian people and the Arab population of the occupied Syrian Golan to all their natural and economic resources had to be fully respected. A peaceful, just, lasting and comprehensive settlement to the prolonged conflict in the Middle East was urgently needed. Member States should devote themselves to peace in the Middle East and the creation of a viable and sovereign Palestinian state.

28. His Government was committed to helping to end the protracted and bitter conflict that had long been a burden on all parties involved. He hoped that multilateral efforts, including those of the Security Council, the Quartet and the Arab League, could contribute to achieving a just, comprehensive and lasting peace in the Middle East based on the relevant Security Council resolutions, including resolutions 242 (1967), 338 (1973) and 1515 (2003), the Madrid terms of reference and the principle of land for peace, and the Arab Peace Initiative. At the same time, the United Nations and its agencies were essential to the efforts to alleviate the plight of the Palestinian people.

29. Indonesia was willing to collaborate with the international community in building the Palestinians' capacity to achieve the Millennium Development Goals.

30. **Mr. Razali** (Malaysia) recalled that the General Assembly had reaffirmed the inalienable rights of the Palestinian people and the population of the occupied Syrian Golan over their natural resources and had called on Israel not to exploit, to cause loss or depletion of or to endanger those natural resources. The General Assembly had also recognized the Palestinians' right to restitution if those resources were damaged. Israel's unjust exploitation of the natural resources of the occupied territories and its actions had caused land degradation and water resource damage, including water pollution and a severe water crisis. Essential infrastructure work supported by the international aid community had also ground to a halt due to Israeli actions. His delegation called for action to be taken by the international community to ensure the discontinuance of that most unacceptable state of affairs.

31. Malaysia continued to be deeply concerned at the difficult living conditions in the Occupied Palestinian Territory and in the occupied Syrian Golan caused by the continued Israeli occupation. The Israeli belligerent attitude towards the Palestinian people in the occupied territory and the Arab population in the Syrian Golan had to cease immediately, as did the total disregard for international law, conventions and United Nations resolutions and calls by the international community. The international community should not allow Israel to continue to use violence on the Palestinian civilian population and civilian infrastructure and strangle the economic livelihoods of the Palestinians. Indiscriminate Israeli military action to arrest or kill Palestinians should not be allowed. Israel should immediately discontinue and reverse the construction of the illegal separation wall on the Occupied Palestinian Territory, heeding the advisory opinion of the International Court of Justice and the international condemnation. The Israeli Government should not support or encourage illegal Israeli settlement activities in the Occupied Palestinian Territory. Israel should honour and observe international law and norms and obligations as the occupying Power.

32. The report clearly described the appalling living conditions of the Palestinian people under Israeli occupation: extreme poverty, in shelters or homes under threat of imminent destruction, with unmet basic needs and a lack of medical services, deteriorating health conditions, disrupted education, lack of employment and in constant fear for their lives. The dignity of the Palestinian people and their basic right to live as decent human beings were being taken away by the occupying Power, while the international community remained indifferent to the tragedy.

33. Having been created by a United Nations resolution, Israel had to be held responsible for all its offences in accordance with the norms of international practice and law. It could not continue to act with impunity and total disregard for the demands of the international community. Israel should cease its extrajudicial killings, excessive use of force, and other practices such as destroying civilian infrastructure, economic resources, social goods and individual homes, which violated its obligation as an occupying Power to protect the civilian population. The United Nations should ensure that Israel met its responsibilities as a Member State of the United Nations. Continued acquiescence in Israeli actions would be interpreted as promoting double standards in terms of international practice.

34. Unfortunately, despite years of discussion, no progress had been made towards a just and durable solution for returning to the Palestinian people their inalienable right to a sovereign State. In fact, the year 2007 marked 40 years of Israeli occupation of Palestinian territories and 50 years that the issue of Palestine had been on the agenda of the United Nations. The international community had to take the responsibility of acting to restore the rights of the Palestinian people, so that they could live in dignity in their own sovereign State.

35. **Mr. al-Hababi** (Qatar) said that a comprehensive, just and lasting solution was urgently needed to the Arab-Israeli conflict. The Palestinian issue had remained on the United Nations agenda for more than 50 years, carried over from one century to another.

36. The occupying forces flouted international law and United Nations resolutions and pursued a policy of violence and oppression while claiming the right to self-defence against activists resisting foreign occupation. Unfortunately, the double standards of the Security Council encouraged Israel to violate international law and resolutions with international legitimacy.

37. His country did not approve of the brutality used by the Israeli occupying forces against the Palestinians and the Arabs of the occupied Syrian Golan. Israel flagrantly defied the international community and international law by detaining, kidnapping and assassinating the legitimate representatives of the Palestinian people and by targeting innocent people in bombings and raids on Arab cities and villages in Palestine and the occupied Syrian Golan. Israel levelled occupied houses and targeted places of worship and schools and hospitals. It practised daily brutality of a kind disavowed by the vast majority of the peoples of the world and international and humanitarian organizations, as the Security Council failed in its duty to protect people. The figures cited in the report on Palestinian deaths and injuries to adults and children provided ample evidence of the brutality and included 28 deaths and 120 injuries in schools administered by the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). The report estimated that Palestinian political prisoners numbered in the thousands,

including some 120 women and more than 390 children, against more than 60 per cent of whom physical force had been used.

38. In its resolution 2006/43, the Economic and Social Commission had expressed the conviction that the Israeli occupation had gravely impeded efforts to achieve sustainable development and a sound economic environment in the occupied Palestinian territories, including East Jerusalem, and in the occupied Syrian Golan, and its grave concern over the formidable impact on the economic and social conditions of the Palestinian people caused by Israel's construction of the wall and its associated regime inside the Occupied Palestinian Territory, including in and around East Jerusalem. It had also stressed that construction of the wall was contrary to international law and was isolating East Jerusalem, dividing up the West Bank and seriously debilitating to the economic and social development of the Palestinian people, and called for full compliance with the legal obligations mentioned in the 9 July 2004 advisory opinion of the International Court of Justice and in General Assembly resolution ES-10/15. It had also reaffirmed that the Israeli settlements in the occupied Palestinian territories were illegal and an obstacle to economic and social development, and called for the full implementation of the relevant Security Council resolutions.

39. Israel has rejected all of the Palestinian, international and regional peace initiatives. If Israel sought security, it must strive for peace. Peace and security could be achieved only through the implementation of Security Council resolutions 242 (1967), 338 (1973) and 425 (1978) and General Assembly resolution 194 (III), and the numerous appeals by the Security Council and the Secretary-General asserting the full and unconditional right of the Palestinian people to the full restoration of its national legitimate rights and, primarily, the right to self-determination and to an independent State on its national soil, with East Jerusalem as its capital, and full Israeli withdrawal from the occupied Syrian Golan to the 4 June 1967 line.

40. **Mr. Shawabkah** (Jordan) said that the repercussions of the Israeli occupation went far beyond the economic and social dimensions, which were already extensive, as indicated by the report. The Israeli occupation, the illegal settlements and the separation wall in the Occupied Palestinian Territories had direct negative effects on the economic and social lives of the people under Israeli occupation. The Israeli closure system was a primary cause of poverty and humanitarian crisis in the Occupied Palestinian Territory; Israeli settlements, land confiscation and the construction of a barrier were curtailing economic and social life; and refugees, women and children bore the brunt of those measures.

41. In October 1994, a peace treaty between Jordan and Israel had ended years of conflict. Jordan's views on the present item were based on its desire to achieve and maintain a just, comprehensive and lasting peace in the Middle East, based on the international terms of reference of the peace process, the Arab peace initiative and the vision of a two-State solution as stipulated in the road map.

42. Unfortunately, Israeli practices had negative effects on the peace process. His delegation called on Israel to cease all settlement activities and construction of the separation wall in the Occupied Palestinian Territories, to return seized property and pay compensation for the damage caused.

43. **Mr. Al-Fayez** (Saudi Arabia) said that the continuous Israeli occupation of Arab lands had turned the entire region into hotbeds of violence and disorder owing to the constant suffering and despair it caused the Palestinians, also frustrating the legitimate authorities in Palestine.

44. The only cure for those grave consequences was Arab-Israeli peace, for the conflict, unmatched by any other regional crisis in its impact on world peace, had overshadowed all other issues in the region for six decades. The failure to seek a comprehensive and just solution to the struggle had resulted in extremism and terrorism that could only worsen with time. Such a situation thwarted development and reform efforts in the region, which should be playing an important cultural role rather than being preoccupied with costly strife.

45. All previous efforts had been based on partial or unilateral measures that increased the Palestinian people's suffering. Exaggerated emphasis on procedural questions, disregard for the basic issues and the absence of clearly defined steps with a balanced and binding timetable had rendered the Quartet's rapprochement efforts ineffectual, especially in the absence of neutral observers to monitor compliance and penalties for non-compliance.

46. There was a pressing need for a new vision that eliminated the obstacles of the past. In that context, the Arab peace initiative represented a historic opportunity for an earnest resumption of the peace process, since it offered all the parties concerned the possibility to negotiate on a clear basis. Saudi Arabia also welcomed the positive aspects of the invitation by the President of the United States of America to hold an international peace conference calling for an end to the occupation and the negotiation of solutions to the Jerusalem (al-Quds), border and refugee issues with a view to the establishment of a viable Palestinian State existing in peace and security side by side with Israel.

47. An opportunity for a just and comprehensive peace currently existed. The Arabs had reaffirmed their commitment to peace, and it was incumbent on the international actors to change their way of dealing with the conflict. The least one could expect from Israel was to end its inhumane treatment of the Palestinians and cease colonization activities and the building of the illegal wall, which was aimed at the unilateral establishment of new facts on the ground, in violation of international law. Such practices made it impossible for any Palestinian Government to function or convince the Palestinian people of the utility or possibility of peace. Imposing conditions on the Palestinian people under occupation while granting prerogatives to the occupation authorities could never inspire confidence in the existing peace process. The failure of each side to shoulder its responsibilities would have disastrous consequences, not merely for the region.

48. **Mr. Ja'afari** (Syrian Arab Republic) said that the world was still witnessing one of the ugliest forms of foreign occupation: the Israeli occupation of Palestinian territories and the Syrian Golan. The ESCWA report highlighted important aspects of the suffering of Palestinians and Syrians under Israeli occupation. The facts and figures in the report were shocking and reflected the barbarism of the occupation and its violations of the Geneva Conventions. The number of deaths of Palestinians as a result of Israeli military operations left no doubt that the Israeli army was committing crimes against humanity without being held accountable. In addition, there were arbitrary arrests and detentions, property destruction and confiscation, mobility restrictions and closure policies, and even restrictions on access to humanitarian assistance. The continuing construction of the barrier and of settlements was an indication of the racial and aggressive mentality of the Israeli leaders, who did not listen to moral or humane reason.

49. Member States should familiarize themselves with the report of the Special Rapporteur on the situation of human rights in the Palestinian territories occupied since 1967 (A/62/275). The last chapter of the report criticized the current role of the United Nations and the Quartet on the Palestinian issue and recommended that the United Nations should withdraw from the Quartet if the Secretary-General was unable to persuade it to carry out a number of actions that were compatible with the role of the United Nations as a guardian of international legitimacy. The Special Rapporteur had also urged the General Assembly to request the International Court of Justice to give a further advisory opinion on the legal consequences for the occupied people, the occupying Power and third States of prolonged occupation.

50. The situation in the occupied Syrian Golan was no better. The letter from the Permanent Representative of the Syrian Arab Republic addressed to the Secretary-General (A/C.2/62/6) contained information on Israel's savage policies and practices.

51. Israel's provocative policy of considering the occupied Syrian Golan as "Israeli territory" was in flagrant violation of the provisions of international law and dozens of relevant United Nations resolutions, including Security Council resolution 497 (1981).

52. Israel was accelerating the building of settlements near the ceasefire line and expanding settlements already built on the ruins of Syrian villages and farms, in blatant breach of the Fourth Geneva Convention. In education, Israel had taken over the entire process and had imposed Israeli curricula on the Syrians. With regard to water resources, Israel deprived Syrian citizens of access and then sold them water at higher prices than those paid by Israeli settlers, while continuing to dig wells on Syrian property and preventing the Syrians from digging wells.

53. Heavy taxes of up to 50 per cent of the value of the crops harvested were imposed on agricultural production, preventing the Syrians from being able to sell their crops in competition with Israeli settlers in the occupied Golan. The occupation authorities uprooted trees in order to force Syrian citizens to abandon their lands so that military camps and bases could be built there. Israel continued to bury nuclear

waste in the occupied Syrian territories, indifferent to the danger to the Golan environment and its inhabitants and to the people of the Middle East as a whole. The lives of Syrian citizens and their children in the occupied Golan were under permanent threat because of Israeli landmines in the vicinity of their villages, which had already killed 16 people.

54. The continuation of the Israeli occupation since 1967 was a blot on the conscience of the United Nations and its Member States, which were not holding the occupying Power accountable for its crimes in the occupied Arab lands. Financial and economic assistance was of no benefit if the Palestinian people were deprived by the Israeli army of their right to life.

55. The Palestinian and Syrian peoples deserved full support from United Nations Members in their struggle to defend the common human values of civilized societies: freedom, peace, equality and democracy. They were making sacrifices to fight against the distorted and inhumane values which Israel was trying to promote: intolerance, violence, war, racism, ethnic cleansing, State terrorism, occupation of the lands of others and confiscation of their property, and murder of children, women and the elderly. His delegation called on Member States to vote in favour of the draft resolution submitted under the present item as a simple expression of their objection to occupation as a principle, regardless of the occupying Power concerned.

56. **Mr. Benfreha** (Algeria) said there was no doubt that the Israeli occupation was the main cause of the worsening economic situation of Palestinians and the Arab population in the occupied Syrian Golan. Their impoverishment and the humanitarian crisis in the occupied Arab territories were part of the deliberate Israeli policy of collective punishment. There could be no development in the occupied territories unless Israel lifted its blockade against the Palestinian people and alleviated the increasingly alarming humanitarian crisis, especially in Gaza, so that they could achieve economic and social development. The occupying Power must fulfil its obligations under the Geneva Conventions and guarantee the provision of aid, humanitarian assistance and basic services. Israel continued its arbitrary detentions, disproportionate use of force, demolition of infrastructure, harsh restrictions on freedom of movement and closure of territories, thus depriving Palestinians of basic health and education services, employment and other social activities. Israel's continued confiscation of Palestinian water and land resources for the use of its settlers, and its discriminatory prices for services in the territories, directly affected Palestinians' standard of living.

57. Israel's continuing construction of the separation wall to cut off the West Bank and isolate Jerusalem was a flagrant violation of the Geneva Conventions and the fundamental rules of international law and contravened the 2004 advisory opinion of the International Court of Justice. The wall not only affected the national unity and the integrity of Palestinian territory, but also undermined normal economic and social life. Israel's blockade of trade routes breached all the rules of international trade and severely affected the economy of the Palestinian people and the Arab population of the Syrian Golan. The international community must keep its promises regarding their inalienable right to their national resources, a prerequisite for development and a just and lasting peace in the region.

58. **Mr. Al-Muharraqi** (Bahrain) said that, since occupying Arab lands in 1967, Israel had continually exploited natural resources there and established settlements in violation of United Nations resolutions, especially General Assembly resolution 61/184 on the sovereignty of peoples under foreign occupation over their natural resources, and the Geneva Convention relative to the Protection of Civilian Persons in Time of War. The illegal separation wall being built despite the advisory opinion of the International Court of Justice aggravated the suffering of the Palestinians. As described in document A/62/75-E/2007/13, those practices and the expropriation of land isolated occupied East Jerusalem, divided the West Bank and curtailed normal social and economic life, cutting off access to main sources of livelihood, including water resources.

59. **Mr. Alahraf** (Libyan Arab Jamahiriya) deplored the fact that, during sixty years of occupation, the United Nations had not found a solution for the Palestinian people despite the numerous resolutions that had been adopted. The situation had become a humanitarian tragedy. The daily acts of repression committed by the Israeli occupation sought to force the Palestinian people to submit and abandon their right to self-determination and the right of return. The practices of the occupying authorities, which included the confiscation of land, the destruction of cities and houses, closures and restrictions on movement, caused economic and social suffering to the Palestinians.

60. Those activities were taking place in full view of the international community. The numbers of Palestinians killed, wounded and detained by the occupying authorities illustrated the harm that the situation caused to families. The occupying authorities continued to destroy residential areas, level farmlands and control water resources as well as confiscate land in the West Bank and Gaza; more than 110 hectares of land had been confiscated in the previous two weeks for settlements. Construction of the wall was continuing, imposing further restrictions on the movement of Palestinians and denying them access to health and education services. That construction, which continued despite the reservations of the United Nations, the advisory opinion of the International Court of Justice and appeals from the international community, had isolated occupied East Jerusalem, partitioned the West Bank and caused more than 7,000 Palestinian families to lose their agricultural livelihood. The occupying authorities also continued to close border points, create barriers between Palestinian cities and villages and destroy Palestinian economic institutions and services, with serious repercussions on the living standards of Palestinian families and the economic situation. Unemployment in Gaza had reached 70 per cent and the poverty level 65 per cent. The Palestinian people were living under tragic circumstances because of the occupation. Refugees, in particular women and children, suffered the most, from disease, malnutrition and lack of sanitation.

61. In the occupied Syrian Golan, the occupying authorities still refused to allow Syrian citizens expelled in 1967 to return and continued to construct settlements, uproot trees, level land and seize resources. Such practices were a clear violation of international law, including the Fourth Geneva Convention and all the United Nations resolutions affirming the sovereignty of the Palestinian people over their natural resources. It was to be regretted that the assistance extended to the Palestinian people had been reduced and politicized and the humanitarian dimension ignored, further marginalizing the Palestinians and increasing their despair, while enormous military and economic assistance was granted to the occupiers.

62. His country reaffirmed its solidarity with the Palestinians and their need to recover their legitimate rights under international law to self-determination and to return, and called on the international community to support those rights by condemning the illegal practices of the occupying authorities, which should be held accountable while the Palestinians should be compensated for the human, economic and social damage to all of the occupied Arab territories.

63. **Mr. Al-Sharji** (Kuwait) said that the ESCWA report unequivocally confirmed the growing economic and social suffering and the deterioration of health, in addition to the heavy loss of life among Palestinian civilians, as well as the destruction of infrastructure and construction of the separation wall that would multiply economic and social suffering in the Occupied Territories. Those acts flagrantly contravened international law and other international criteria and the relevant resolutions, as well as the advisory opinion of the International Court of Justice.

64. The actions of the occupying Power had robbed Palestinians and the Syrian Golan Arab community of their freedom and dignity and left them lagging far behind in achievement of the Millennium Development Goals. Construction of the separation wall had led to internal displacement, forced many people in the West Bank to relocate and caused hundreds of Palestinians to lose their livelihoods from the land, and had deprived thousands of access to their work.

65. No one could ignore the abusive treatment of women and their suffering under the occupation, including lack of adequate medical treatment. Israel continued to violate international law through its systematic aggression, occupation and destruction of the natural resources of the occupied territories. The international community must take a firm stand in order to reach a just and comprehensive settlement that would allow Palestinians and the Syrians in the Golan to exercise all their rights.

66. **Mr. Tag-Eldin** (Egypt) said that economic and social conditions in the occupied territories continued to deteriorate as a result of the Israeli occupation. The numbers of killed, injured and incarcerated, which included women and children, were on the rise. Palestinian property continued to be destroyed and trees and crops uprooted. Israel's closure policy had contributed to high unemployment and poverty rates, while two thirds of households relied on informal borrowing to subsist. Infrastructure continued to be destroyed at an alarming rate, including the six transformers at Gaza's only electric power plant that

had been destroyed by the Israeli air force and which his country had helped to rebuild.

67. In order to build the separation barrier in the West Bank, which had been condemned by the International Court of Justice and by the General Assembly in resolution ES-10/15, Israel had confiscated land and closed off the access of Palestinians to 95 per cent of their own water by destroying wells and cisterns. In Gaza, less than half of domestic water services met acceptable quality standards, while in the West Bank, Israeli settlements directed their sewage flow on to agricultural lands of Palestinian farmers. In the occupied Syrian Golan, Israel had begun the construction of three new tourist settlements on the occupied Lake Tiberias lowlands and continued to expand its agricultural settlements at the expense of the production of Syrian Arab farmers.

68. Those facts and others presented in the report provided objective grounds for adopting a resolution on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan. They also were cause for pessimism about the prospects for peace; that was particularly disturbing to his country, which had made such great efforts for peace in the region. But Egypt remained hopeful that, by avoiding double standards and respecting rights, peace in the Middle East could still be achieved.

69. **Mr. Fluss** (Israel) said that the issue had been politicized. It was unrelated to the Committee's competence and contrary to its working methods. The sole aim was to provide a platform for some Member States to criticize, condemn and isolate Israel. The ESCWA report was highly problematic in both content and context and stemmed from a narrow mandate that examined the impact of Israeli actions on Palestinian living conditions without examining what the Palestinians had brought on themselves through their violence and other activities that had destroyed natural resources. The report did not reflect reality and blamed Israel for the deterioration of the Palestinian economy and environment, instead of pinpointing the real cause, which had been Palestinian terrorism. Israel urged the United Nations to consider the wisdom of funding such reports that discredited the United Nations, lacked impartiality and hindered prospects for dialogue and reconciliation.

70. Many other situations in the world were at least as acute as that of the Palestinians. The *2006 Human Development Report* ranked the Palestinians at 100 out of 177 countries on the human development index. The ESCWA report was thus inconsistent with other international documents. It also focused on a plethora of political and security issues not germane to the Committee's work, including a long exposé on the security fence, linking it to closures, displacement and other allegations, without once mentioning the reason for the fence, which was Palestinian terror. The fence could stop terrorists, which the Palestinian Authority failed to do; thousands of Israelis of all denominations had been saved by the security fence. A similar fence, erected in Gaza, in accordance with the Israeli-Palestinian Agreement, had elicited no United Nations dissent and had prevented terrorist infiltration. The separation wall was essential, given the number of Israelis murdered by Palestinian terrorists.

71. Water resources in the region were a serious issue for both Israel and the Palestinians, which shared watersheds and aquifers. They were together addressing water sanitation and management, but no mention of that had been made in the report, which had instead politicized a natural resource issue. Also, the terrorist organization Hamas had been in control of the Palestinian leadership during the period considered by the report, during which time Israel could neither transfer the tax funds it collected on behalf of the Palestinians nor work with them owing to Hamas's refusal to fulfil its international obligations embodied in the Quartet principles. Not only had Israel resumed those transfers with a Palestinian Government that now met the required standards, complying with the Palestinian Authority's request regarding the remaining transfers, but the two sides were also cooperating on agriculture, exports and other economic issues, none of which had been reflected in the report.

72. Although the Palestinians' economic hardship was largely due to poor and corrupt governance, Israel wished to develop their economy and protect the region's natural resources, both of them being also in Israel's interests. The international community had supported the joint Israeli-Palestinian initiatives during the early 1990s, when the two sides had devised a plan to boost the Palestinian economy. Having, during the Oslo process, been the largest recipients of international development assistance in the world, with 90 per cent employment, the Palestinians had not

fulfilled their commitments but had opted instead for an aggressive campaign of terror against Israel in 2000. Their failure to apply the rule of law and end corruption had diminished confidence in their leadership and hopes of economic growth.

73. Both sides must work together to promote coordination and good neighbourliness. At the recent meeting of the Ad Hoc Liaison Committee for the Coordination of International Assistance to Palestinians, Israel had joined other donor countries in agreeing to promote Palestinian economic development, because the Palestinians now had a Government that met the standards of the international community, accepted the Quartet principles and wished to provide a more peaceful future for its people. Lately, regular coordination meetings of the leaders of both sides on policy and the economy had created a climate of promise and hope in the region, a situation reflected neither in the ESCWA report nor in the Committee's deliberations.

74. **Ms. Rodríguez de Ortiz** (Bolivarian Republic of Venezuela) said that the maintenance of international peace and security required strict respect for the United Nations Charter and for human rights. Sovereignty was vested exclusively in peoples; accordingly, only the Palestinian people could determine their destiny. It was also undemocratic to criticize people's choice of leaders. Numerous United Nations resolutions had affirmed the illegality of Israel's creation of settlements in the Palestinian territory and other Arab territories occupied since 1967, which posed a serious obstacle to the attainment of lasting peace and justice in the Middle East and violated the 1949 Geneva Conventions. The Israeli army's destruction of Palestinian structures in the West Bank, including homes, farms, businesses and public facilities, had humiliated the Palestinian people and must be condemned.

75. During the 40 years of its occupation, Israel had been constructing illegal settlements on Palestinian land, murdering thousands of Palestinians, destroying homes, uprooting trees, and arresting hundreds of thousands with such impunity that it repeated those acts time and again. The construction of the apartheid wall continued, with direct support from the World Bank, and separated farmers from their land, students from their schools, and workers from their jobs. It was intended to constrain and isolate the Palestinian people and consolidate Israel's expansion — despite the ruling of illegality handed down in the advisory opinion of the International Court of Justice — and constituted a massive violation of virtually every human right.

76. The Palestinian economy was still in a dire state, with the suspension of salaries of workers in public and security institutions, while the Palestinian Authority's financial resources had dropped by 60 per cent in the period 2005-2006. Her country called for a comprehensive, peaceful solution to the Israeli-Palestinian conflict and hoped that the negotiations would end in Palestinian self-determination and in peace in the Middle East, based on the relevant United Nations resolutions and the advisory opinion endorsed in General Assembly resolution 61/184.

77. **Mr. Nigor** (Sudan) said that the dramatic deterioration of Palestinian economic conditions and Israeli measures that damaged the environment and deprived Palestinians of access to water demanded international intervention. The Israeli authorities' violations affected all Palestinians, including women and children. The separation barrier, which had been ruled a violation of international human rights law by the International Court of Justice, restricted the movement of citizens. Basic services were denied to the Palestinian people and unemployment and poverty rates were high. In the Syrian Golan as well, the Israeli authorities were violating the basic rights of Arab residents, depriving them of health services and damaging the environment. His country called on the international community to protect the dignity and property of Palestinians by taking measures for the immediate cessation of those Israeli practices.

78. **Mr. Saleh** (Lebanon) said that Israeli practices in the occupied Palestinian territory had a dire impact on every aspect of the lives of the Palestinian people, impeding their economic and social development and irreversibly harming their environment. The many such practices included the confiscation of Palestinian lands; the destruction and confiscation of Palestinian property; the overexploitation of Palestinian natural resources; the ongoing construction of the separation wall notwithstanding the advisory opinion of the International Court of Justice to the effect that the construction was contrary to international law; the establishment of new Israeli settlements and the expansion of existing ones; the uprooting of hundreds of fruit-bearing trees; the displacement of Palestinian people; and the arbitrary detention of Palestinians.

79. The water resources of the occupied Palestinian territory had been the first victim of arbitrary Israeli practices and policies, and he provided many details and statistics to substantiate that information. The international community should pressure Israel to honour its obligations under international law and respect the sovereignty of the Palestinian people over their natural resources.

80. **Mr. Al-Dafa** (Executive Secretary, Economic and Social Commission for Western Asia), replying to the statement by the representative of Israel questioning the accuracy of document A/62/75, said that the report had been based on confirmed information from a number of international sources. ESCWA had reviewed all the information and considered that the report reflected the reality on the ground. The Commission always endeavoured to prepare reports in the spirit of transparency and non-alignment that characterized all the work of the United Nations.

81. **Mr. Ja'afari** (Syrian Arab Republic), speaking in exercise of the right of reply, said that the Israeli delegation continued to claim that the work of the Committee was being politicized. That was an excuse to prevent Member States from expressing their views.

82. The racist policies which Israel continued to pursue in the occupied Palestinian territories were rejected by all civilized nations. One such policy was the construction of the separation wall, which, once completed, would confine the Palestinian people to a vast jail controlled by Israel. Moreover, Israel continued to deprive the Palestinian people of all their rights and to attack their livelihoods, particularly those relating to agricultural products.

83. Such policies proved that Israel had no credibility when it professed a desire to cooperate with Member States in order to achieve development goals. Israel was promoting the adoption of a draft resolution on the use of technology in agricultural development. He urged the Committee not to support that or any similar draft resolutions sponsored by Israel, no matter which delegations cosponsored them. The Israeli representative's attempt to portray the occupation by his country of the Palestinian territories as beneficial ran counter to the facts on the ground, in particular the economic realities in those territories.

84. **Mr. Hijazi** (Observer for Palestine), speaking in exercise of the right of reply, said that the Israeli delegation's assertion that the item currently before the Committee was unrelated to its competence and contrary to its working methods was regrettable, if not new. The facts on the ground resulted from illegal Israeli practices and ran counter to all norms and standards adhered to by the Committee and the United Nations as a whole.

85. Using terrorism as a pretext to justify the unjustifiable — including the destruction of vast numbers of homes and trees and the confiscation of large amounts of land — was a repeated tactic of the Israeli occupiers. Israel had spared no effort over the past 40 years to deprive the Palestinian people of their most basic, inalienable rights and to drive them into poverty. The Palestinian people therefore urgently required the assistance of the international community.

86. It was very surprising that Israel was using the need for security, and the construction of a security wall, as justification for committing war crimes and gross violations of international law. Such attempts had failed in the past. It was difficult to fathom how the infrastructure which the Israeli occupiers were wantonly destroying could possibly threaten the security of Israel.

87. It was misleading and offensive for Israel to suggest to the Committee that it was prepared to facilitate the provision of humanitarian assistance to the Palestinian people, when it had kept the border crossings into the Gaza Strip closed for nearly seven years, thereby denying the population there access to basic goods. It would be highly positive if Israel demonstrated genuine goodwill by ceasing its systematic aggression against and illegal exploitation of the natural resources of the Palestinian people and the destruction of their agricultural lands.

*The meeting rose at 6 p.m.*

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## Second Committee

**Summary record of the 13th meeting**
Held at Headquarters, New York, on Thursday, 25 October 2007, at 3 p.m.

*Chairperson*: Ms. Lintonen ..... (Finland)

## Contents

Agenda item 52: Macroeconomic policy questions

(a) International trade and development

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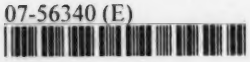

*The meeting was called to order at 3.10 p.m.*

**Agenda item 52: Macroeconomic policy questions**

**(a) International trade and development** (A/62/15 (Part I), A/62/15 (Part I)/Corr.1, A/62/15 (Part I)/Corr.2, A/62/15 (Part II), A/62/15 (Part II)/Corr.1, A/62/15 (Part III), A/62/15 (Part III)/Corr.1, A/62/15 (Part IV), A/62/210, A/62/266 and A/62/71-E/2007/46)

1. **Mr. Panitchpakdi** (Secretary-General, United Nations Conference on Trade and Development (UNCTAD)), introducing the Secretary-General's report on international trade and development (A/62/266), said that the world economy, the international trading system and the contribution of globalization to development had changed profoundly over the past seven years. Those changes must be harnessed by seizing every opportunity to enhance economic security, poverty reduction and job creation; fostering technological progress and human development; and ensuring greater global governance and solidarity as a complement to action at the national and regional levels. UNCTAD XII, to be held in April 2008 in Ghana, would provide an occasion to examine and make progress on all those issues.

2. Globalization was already being democratized and rebalanced, largely as a result of the rise of the South as an engine of regional and global trade and economic growth. The South accounted for 36 per cent of world trade and 35 per cent of inward foreign direct investment flows and was growing at a rate unprecedented in recent history. Particularly noteworthy was the emergence of developing countries as investors in other developing countries, including in greenfield ventures, mostly through State-owned enterprises. Developing countries were also some of the largest and fastest-growing markets for world exports.

3. The shift by nations of the South from dependence should be encouraged, replicated and deepened throughout the world, since it benefited all countries. For that reason alone, any neo-protectionism in the form of economic nationalism directed against trade and investment with developing countries should be eschewed.

4. All those changes justified granting the South greater voice and participation in global economic governance. However, even the more successful developing countries faced formidable challenges of widespread poverty and infrastructure deficits-challenges that should be duly considered before labelling them "advanced" or "threatening".

5. Many other developing countries, especially the least developed countries, landlocked developing countries and small and vulnerable developing economies, were faced with increasing marginalization. In order to promote economic growth and poverty reduction in those countries, national and international policies were required that promoted capital accumulation, technological progress and structural change and paid attention to the development of infrastructure and entrepreneurship, including through South-South cooperation. South-South regional trade agreements and other forms of economic integration could have a positive impact on trade and development for all concerned, even if some of the arrangements were based on a hub-and-spoke relationship. Such integration improved infrastructure linkages, competitiveness and value chain participation and spurred foreign direct investment. The quantum leap in South-South trade resulted in stronger and broader economic cooperation among developing countries. In that regard, it was important to conclude the third round of negotiations on the Global System of Trade Preferences among Developing Countries.

6. New models of economic cooperation among developing countries were needed and institutions and partnerships focusing specifically on trade, investment, finance, research and development, enterprise development, technical cooperation, and trade and transport infrastructure should be established. UNCTAD would promote such cooperation as a catalytic force for growth and development. Furthermore, as the more successful developing countries climbed the ladder, they should pave the way for others to follow. New models and prospects for trade and investment relationships in which the more successful developing countries transmitted development know-how to less successful ones had opened up and should be carefully nurtured and propagated.

7. Unique complementarities had created unparalleled opportunities for labour migration that could advance inclusive globalization for development and attainment of the Millennium Development Goals. A leap of faith was needed to unleash labour mobility and integration while devising pragmatic trade and

development strategies. The best antidote for illegal migration and its attendant problems was to liberalize and facilitate the temporary movement of workers, in keeping with modes 1 and 4 commitments under the General Agreement on Trade in Services and regional and bilateral agreements. Special care was needed to ensure that sending countries reaped not only socio-economic benefits from remittances and diaspora networks, but also net "brain gain" through cooperative arrangements with receiving developed countries.

8. UNCTAD expected that competition in the South for natural resources would intensify for at least a decade. Such demand had led to booming prices for the exports of commodity-producing and commodity-dependent developing countries, particularly in Africa and in the least developed countries as a whole. Those countries must ensure that the boom was sustained and that their increased share of the value was retained, and must improve productivity and diversify out of commodity dependence. They must also plough the gains back into social and physical infrastructure.

9. The international community, in turn, must help those countries deal with price fluctuations and volatility and increased energy import bills and must further enable their small producers to participate in and benefit from local, regional and international markets. International agricultural trade reform and liberalization were prerequisites, as was donor support, especially for support services and to provide seed funding for public-private partnerships for the viable development and diversification of the commodity sector.

10. He underscored the severe impact of high energy prices on the trade and development prospects of developing countries. Oil and energy exporters risked seeing their increased energy export revenues lead to real exchange rate appreciation and their loss of competitiveness. The most devastating impact would be on oil-importing developing countries, which were in the majority, owing to the multiplier effects of rising import bills throughout the economy. Cooperative short-, medium- and long-term energy strategies at all levels were needed to combat those effects.

11. The growing application of non-tariff barriers, particularly in the form of product standards or regulations, whether government or private, national or international in origin, also was of major concern to developing countries. Such barriers were stringent, affected almost all export sectors and changed frequently, and compliance with them was costly. The World Trade Organization (WTO) and regional trade agreements should purposefully address them. UNCTAD was already doing so.

12. Vigilance was needed to ensure that emerging environmental policies and regimes, including climate change mitigation, did not constitute unnecessary obstacles to developing country exports. At the same time, those countries' prospects for producing and exporting energy-efficient and environmentally preferable products should be strengthened.

13. Turning to the ongoing multilateral trade negotiations, he said that more trade was covered by preferential trade arrangements than was conducted on a most-favoured-nation basis through WTO. That trend must not be allowed to undermine the multilateral approach. All concerned, especially the major trading countries, must show leadership in making the "down payments" and compromises needed for a timely, balanced and successful conclusion of the Doha Development Round.

14. The Round must result in real, enhanced and additional market access for developing country exports; provide duty-free and quota-free access for least developed countries; effectively discipline non-tariff barriers; and liberalize and facilitate labour mobility and integration under modes 4 and 1 of the General Agreement on Trade in Services. It must also provide developing countries with sufficient policy space and flexibility that allowed them to foster productive capacity, food and energy security and rural livelihoods and cushion or avoid unsustainable adjustment costs. The negotiations must reduce and eliminate trade-distorting agricultural subsidies and create a truly level playing field for developing countries. Aid for Trade must be significant, additional, non-debt-creating, predictable, needs-based and demand-driven. Such aid must not be conditional on the outcome of the Round, and all developing countries in need should benefit from it. Lastly, the outcome of the Round must ensure coherence between the multilateral trading system and North-South regional trade agreements, particularly with respect to the development dimension and the rights and obligations of developing countries. UNCTAD would reinforce its support of those countries in negotiating and benefiting from such agreements, including partnerships between

the African, Caribbean and Pacific States and the European Union.

15. Financial market instability and exchange rate volatility and misalignment could have an adverse impact on the competitiveness of developing countries. There was also an increasing risk that a correction of the global trade and current account imbalances that had accumulated over many years would result in a significant slowdown of the world economy, imposing severe adjustment costs on developing countries.

16. More effective, broad-based multilateral governance of the international monetary and financial system was therefore required. That should involve, inter alia, inventing new roles and governance for development in the United Nations and the multilateral financial institutions, which would ensure greater coherence with the multilateral trading system and internationally agreed development goals. Achieving all the Millennium Development Goals would depend primarily on developing global solidarity and partnership, including increased efforts by donors to meet their ODA targets and replenish the resources of the International Development Association. It should also include helping developing countries to step up investments in physical infrastructure and enhancing the quantity and quality of development assistance.

17. **Mr. Draganov** (President of the Trade and Development Board of the United Nations Conference on Trade and Development (UNCTAD)), introducing the report of the Trade and Development Board on its fortieth executive session (A/62/15 (Part I), A/62/15 (Part I)/Corr.1 A/62/15 (Part I)/Corr.2, A/62/15 (Part II), A/62/15 (Part II)/Corr.1, A/62/15 (Part III), A/62/15 (Part III)/Corr.1, A/62/15 (Part IV), A/62/210, A/62/266 and A/62/71-E/2007/46), said that he would focus on the fifty-fourth annual session of the Board, held in Geneva from 1 to 11 October 2007 (TD/B/54/8).

18. In preparation for UNCTAD XII, the high-level segment at the start of the session had addressed the theme of globalization and inclusive development. Despite the impressive performance of developing countries as a whole in recent years, it had been widely acknowledged that many of them, particularly the least developed and other low-income countries, had neither benefited from the economic recovery nor been able to translate growth into poverty reduction. Several factors that could promote economic and social inclusion and help developing countries integrate more effectively into the world economy had been highlighted. Access to clean energy and the use and export of renewable energy could help mitigate the adverse impact of climate change on developing countries. International labour migration could benefit both sending and receiving countries through remittances and the loosening of constraints on the workforce.

19. A number of delegations had expressed the view that the more equitable distribution of the benefits of globalization at the national level would require States to strengthen their institutional capacity to formulate and implement pro-poor policies. The need for a vibrant private sector and for Governments to promote local entrepreneurship had also been emphasized.

20. In the view of the Board, UNCTAD XII would provide an ideal opportunity to move forward in the debate on globalization and inclusive development, which it viewed as a moral imperative.

21. The Board had discussed regional cooperation for development against the background of the *Trade and Development Report, 2007*. There had been broad agreement that, while the current global economic environment was favourable for development, inequality and social exclusion remained serious problems and that many poor countries, especially in Africa, had little hope of reaching the Millennium Development Goals. Moreover, recent improvements in growth performance had yet to be translated into sustained long-term progress. Concern had been expressed about the impact on developing countries of the recent turbulence in financial markets and about persistent global imbalances. It had been suggested that greater systemic coherence and improved macroeconomic policy coordination would foster a more stable global economic environment.

22. There had been broad consensus on the desirability of greater regional cooperation among developing countries in support of national development strategies. Such cooperation — when adapted to the specific circumstances of regions and countries — could lead to increased investment and faster transformation in developing countries. Closer monetary and financial cooperation at the regional level could compensate to some extent for shortcomings in international financial governance, and the creation of regional economic spaces could

increase the range of policy options open to developing countries.

23. The views of Board members had differed with respect to the developmental implications of bilateral and regional free trade agreements between developed and developing countries. Typically, the agreements were broader in scope than multilateral agreements currently in place or under negotiation. Some delegations had argued that the agreements could help developing countries reap greater benefits from globalization, whereas others believed that the agreements might reduce the national policy space needed to support structural change in developing countries.

24. The Trade and Development Board had conducted its annual review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010. In recent years many of the least developed countries had benefited from stronger growth and macroeconomic stability and had made progress in areas such as health and education. However, their economies continued to specialize in a narrow range of basic products and to suffer from shocks and crises. Several speakers had noted that it was unlikely that any of the least developed countries would achieve the Millennium Development Goals.

25. The least developed countries were pursuing their development goals in the context of an increasingly knowledge-intensive world economy, and the pace of scientific and technological change was accelerating strongly. Although innovation was vital for long-term growth and development in developed and developing countries alike, the phenomenon increased the risk of marginalization of developing countries in general and of the least developed countries in particular. To counter the risk, those countries needed to mainstream science, technology and innovation in their national policies and poverty reduction strategies. The poorest countries required support from their development partners in the form of well-directed financial and technical resources, including ODA, and expanded capacity-building programmes.

26. The Board had welcomed *The Least Developed Countries Report 2007: Knowledge, Technological Learning and Innovation*. Those issues had tended to be neglected by the policymakers of the least developed countries in recent decades. Productive capacities and technological capabilities should be placed at the centre of national policies and poverty-reduction strategies. In its agreed conclusions, the Board had emphasized a need to identify practical national and international policies and measures to promote technological learning and innovation in least developed countries, as well as a need to enhance public awareness of the role of science, technology and innovation in development and poverty reduction.

27. The Board's discussions on Africa had been based on the report by the UNCTAD secretariat on economic development in Africa: Reclaiming Policy Space — Domestic Resource Mobilization and Developmental States. The Board had noted the continuing importance to Africa of ODA and Aid for Trade, and had called on developed countries to fulfil their commitment to doubling aid to the continent in order to achieve the Millennium Development Goals.

28. A few representatives had stated that the continent had little to show for aid in terms of development, while others had pointed out that aid commitments were not being fulfilled and that official figures were skewed by the inclusion of debt relief. ODA also had many limitations, including excessive conditionalities that limited policy space for recipients. It was therefore necessary to mobilize domestic resources not only as a complement to aid, but also as a means of gaining flexibility and policy space to address the genuine needs of African countries. Most delegations had agreed that domestic resources could be mobilized by tapping the potential in the informal sector, developing better taxation policies, making use of remittances and reversing capital flight. To be successful, however, such efforts required a supportive international environment, as provided for in the Monterrey Consensus and the São Paulo Consensus.

29. Delegations had generally agreed that the rollback of the role of the State in Africa since the 1980s had been at least partly responsible for the continent's current economic crisis. Sustainable development required a more active and better organized State, encouraging enhanced mobilization and use of savings. Some delegations had stated that some of the commitments entered into at the international level had restricted the policy space in which developing countries could pursue policies that matched their developmental needs.

30. Several delegations had emphasized the important role of the private sector in the development process and, in the case of Africa, the role of small and medium-sized enterprises and microfinance institutions. It was important to create and maintain an appropriate domestic environment through good governance and the development of internally integrated economies, so as to increase the savings and investments that fuelled high growth.

31. A successful, development-oriented outcome to the Doha Round was considered essential for realizing development gains, moving towards the Millennium Development Goals and mainstreaming development into the multilateral trading system. A successful Round would also enhance the credibility of the multilateral trading system, especially given the recent proliferation of bilateral and regional trade initiatives and the possible resurgence of unilateralism and trade protectionism.

32. Some participants, while acknowledging that the Doha Round faced severe time constraints, believed that that should not prevent negotiators from securing adequate development outcomes. In particular, progress was urgently needed in agriculture and non-agricultural market access. To that end, all participants must show flexibility in the search for common ground and the major trading nations must take the lead in that search. At the same time, the Aid for Trade initiative should be made operational, and other international solidarity measures should be adopted in order to help build developing countries' competitive supply capacities and trade-related infrastructure.

33. In accordance with General Assembly resolution 57/270 B, the Board had considered the most recent report of the UNCTAD secretariat on the contribution of UNCTAD to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields. The report reviewed the progress made in the post-Doha work programme, the Programme of Action for the Least Developed Countries for the Decade 2001-2010; the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries; and the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States. The report provided examples of activities being carried out by UNCTAD to help developing countries create an enabling environment for investment, promote FDI inflows and derive development benefits from such investment.

34. The sustainability of external debt was another crucial element in the development prospects of poor countries, as had been highlighted not only in the Monterrey Consensus but also at the World Summit on Sustainable Development and the 2005 World Summit. UNCTAD had played an important role in monitoring the external debt situation of developing countries, providing extensive assistance in debt management, and carrying out analytical work on debt and development finance.

35. With regard to assistance from UNCTAD for the Palestinian people, the Board had noted the wide support expressed for the secretariat's efforts to implement paragraph 35 of the São Paulo Consensus, and for its proposal to consider alternative routes for Palestinian trade and expand the policy instruments available to Palestinian policymakers. The deliberations on the agenda item were reflected in the President's summary in document TD/B/54/8. It was hoped that the Board's deliberations would encourage donors to address the resource constraints affecting the implementation of the UNCTAD secretariat's technical cooperation programme for the Palestinian people.

36. In addition to addressing recurring agenda items, the Board had formally launched the intergovernmental preparatory process for UNCTAD XII and had established an open-ended preparatory committee under the chairmanship of the President of the Board. UNCTAD XII would discuss the opportunities and challenges of globalization for development, including coherence in global policymaking, key trade and development issues, and an enabling environment that would strengthen productive capacities, trade and investment. It would also address strengthening the role, impact and effectiveness of UNCTAD.

37. **Mr. Vos** (Director, Development Policy and Analysis Division, Department of Economic and Social Affairs) said that the report of the Secretary-General entitled "Unilateral economic measures as a means of political and economic coercion against developing countries" (A/62/210) had been prepared in response to General Assembly resolution 60/185. Member States and relevant organizations, programmes and agencies

within and outside the United Nations system had been invited to provide information on recent developments in that area.

38. Nine Member States, two United Nations bodies and the Organization for Economic Cooperation and Development (OECD) had replied. Most of the respondents had expressed the view that the application of unilateral economic measures as a means of political and economic coercion was contrary to the principles of the Charter of the United Nations, international law and international cooperation. All Member States that had sent a reply had indicated that they did not apply such measures. Several replies had referred to paragraph 5 of the Doha Declaration adopted at the Second South Summit of the Group of 77 and China held in June 2005, which had called on the international community to eliminate the use of unilateral coercive economic measures against developing countries (A/60/111, annex I). OECD had expressed the view that such measures should be used only as a last resort and their application should be consistent with international law.

39. Two Governments and two regional commissions of the United Nations (the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Economic and Social Commission for Western Asia (ESCWA)) had reported specific instances of the application of unilateral economic measures and described the adverse impact of such measures on the economies of countries that had reported suffering varying degrees of unilateral coercive economic sanctions, including Cuba, the Democratic People's Republic of Korea, Lebanon, Myanmar, the Syrian Arab Republic and Zimbabwe, and on the economy of the Occupied Palestinian Territory.

40. **Mr. Said** (Pakistan), speaking on behalf of the Group of 77 and China, noted that export growth over the period 2000-2005 accounted for over 60 per cent of GDP growth for developing countries, which highlighted the potential role of international trade as a powerful engine of economic growth and development. Unfortunately, the continuing impasse in the Doha Round created uncertainty as to whether the multilateral system would deliver on its development potential and had undermined the capacity and endeavours of the developing countries to achieve internationally agreed development goals, including the Millennium Development Goals. It had also compromised the efforts to establish a universal, rule-based, open, non-discriminatory and equitable multilateral trading system that contributed to economic growth and sustainable development.

41. The international trade regime had always been weighted against the developing countries. There was no mechanism for commodity price stabilization and for over 40 years textiles and agriculture had been excluded from liberalization, which had so far taken place only in areas where the rich countries were strong and where the poor could not compete. Developing country products faced discriminatory, high and escalating tariff barriers.

42. The stalemate in the Doha Round was bad news for both developed and developing countries in terms of the credibility of the multilateral trading system and the multilateral trade negotiating process, particularly in the context of the commitments made to developing countries.

43. The objectives of significant liberalization of agriculture, reduction of high and discriminatory industrial tariffs, and equitable liberalization of service, especially labour, were equally important for all countries. The onus of striking the "grand bargain" should not be placed on the developing countries, in view of the continuing inequity and discriminatory constraints imposed by the present multilateral trading system. The development goals of the Doha Round should not be sacrificed for the sake of an early but empty conclusion. The results had to be tangible and significant trade benefits for the developing countries.

44. The key benchmarks for a successful and development-oriented outcome of the Doha Round included liberalization in the agriculture sector. The objectives in other sectors were the reduction or elimination of tariffs, tariff escalation and non-tariff barriers, especially on products of export interest to developing countries, with special and differential treatment and "less than full reciprocity" in reduction commitments in favour of developing countries. The plurilateral approach should produce the desired results in the services sector, including commitments to liberalize labour services (mode 4 on temporary movement of natural persons), which had immense potential for enhancing world welfare. Liberalization of labour services would help to restore balance and reduce distortions in the international trade regime. Market access and trade liberalization were often still negated by non-tariff barriers, market access barriers

and residual bias in tariff structures. Developing countries' exports were constrained by a number of arbitrary and abusive non-tariff measures, including sanitary, phytosanitary and anti-dumping measures, which reduced the credibility of multilateral trade rules.

45. Special and differential treatment and implementation issues continued to be essential for addressing imbalances in the multilateral trading system on a fast-track basis in accordance with the Doha mandate. The initial 88 agreement-specific special and differential treatment proposals had seen little progress in terms of making them more precise, effective and operational. The objective of all special and differential treatment should be to ensure that weaker and non-competitive countries were not negatively affected by trade liberalization. The Doha talks had focused on enabling the weaker economies to build the human, physical and institutional capacity for production and trade. The early operationalization of the Aid for Trade Initiative should generate the requisite additional resources to assist in such capacity-building. However, the Aid for Trade Initiative must be implemented in conjunction with greater market access for the exports of developing countries and capacity-building should be promoted more comprehensively. As noted in the Secretary-General's report, the effective operationalization of the principles of special and differential treatment and "less than full reciprocity", supported by an ambitious and operational Aid for Trade, would be instrumental for rendering the trading system sensitive to the development aspirations of developing countries and ensuring their sustainable and beneficial participation in international trade (A/62/266, para. 61).

46. A closer linkage should be established between international trade and the achievement of internationally agreed development goals, including the Millennium Development Goals. The United Nations and UNCTAD should help to develop more specific indicators and benchmarks to monitor progress in the contribution of trade to the achievement of the goals mentioned. Such monitoring should record both positive results and negative impacts of trade regimes and liberalization. It should also consider the impact of tariff regimes, commodity prices and availability, special and differential treatment, non-tariff barriers and the impact of the Agreement on Trade-Related Investment Measures (TRIMs Agreement) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), including on the transfer and application of technologies required for development and industrialization.

47. The global intellectual property rights regime should facilitate the transfer and dissemination of the knowledge, technology and know-how essential for sustained economic growth and sustainable development. A more comprehensive review of the TRIPS regime should be conducted in order to make it development-oriented. The regime should be modified to ensure that it helped and did not hinder development. In that regard, the slow pace of ratification of the TRIPS amendment adopted in December 2005 was also a cause of concern.

48. UNCTAD had made invaluable contributions to identifying and advancing the goals of development through trade and should continue to produce its high-quality analysis, forecasts and recommendations. It required the most qualified personnel to discharge that often challenging function and should be provided with adequate resources for effectively fulfilling its mandated responsibilities.

49. The Group of 77 and China also stressed the importance of facilitating the accession of all developing countries, in particular the least developed countries, that applied for membership in WTO, without political impediments, in an expeditious and transparent manner and with full observance of the principles of special and differential treatment for developing countries.

50. In advancing the global trade agenda through the Doha Round, the international community should be particularly mindful of the special needs and challenges faced by the least developed countries, landlocked developing countries and small island developing States.

51. In conclusion, he called upon the developed countries to demonstrate the flexibility and political will required to break the current impasse in the Doha Round of trade negotiations and to work towards their early resumption and timely completion, with the fullest realization of the development dimensions of the Doha Work Programme. In that context, it was important to recognize the mandates contained in the Doha Ministerial Declaration, the WTO General Council decision of 1 August 2004 and the Hong Kong Ministerial Declaration in order to integrate the

developing countries into the multilateral trading system.

52. The leaders at the 2005 World Summit had reaffirmed the need for the United Nations to play a fundamental role in promoting international cooperation for development and the coherence, coordination and implementation of development goals and actions agreed by the international community. The General Assembly should therefore send a clear and strong message to WTO for an early and genuinely development-oriented outcome of the Doha Round. That was particularly important in view of the current preparations for the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, which had also recognized trade as an important source of financing for development.

*The meeting rose at 6.05 p.m.*

United Nations A/C.2/62/SR.14

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## Second Committee

**Summary record of the 14th meeting**
Held at Headquarters, New York, on Friday, 26 October 2007, at 10 a.m.

*Chairperson*: Mr. Le Roux (Vice-Chairperson) ..... (South Africa)

## Contents

Agenda item 59: Operational activities for development (*continued*)

(b) Triennial comprehensive policy review of operational activities for development of the United Nations system (*continued*)

(c) South-South cooperation for development (*continued*)

Agenda item 52: Macroeconomic policy questions (*continued*)

(a) International trade and development (*continued*)

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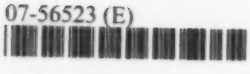

*In the absence of Ms. Lintonen (Finland), Mr. Le Roux (South Africa), Vice-Chairperson, took the Chair.*

*The meeting was called to order at 10.10 a.m.*

**Agenda item 59: Operational activities for development** (*continued*) (A/C.2/62/L.6)

1. **Ms. de Laurentis** (Secretary of the Committee) drew attention to a note by the Secretariat containing proposed amendments to the General Regulations of the World Food Programme (A/C.2/62/L.6), which would be before the Committee for approval under agenda item 59. At its substantive session in July, the Economic and Social Council had decided to endorse the proposed amendments and had recommended them for approval by the General Assembly.

**(b) Triennial comprehensive policy review of operational activities for development of the United Nations system** (*continued*) (A/C.2/62/L.4)

*Draft resolution on the triennial comprehensive policy review of operational activities for development of the United Nations system*

2. **Mr. Khan** (Pakistan) introduced draft resolution A/C.2/62/L.4 on behalf of the Group of 77 and China. The Group attached great importance to the triennial review exercise, which would determine the course of the Organization's operational activities for the next three years and guide two processes with a direct bearing on those activities: the ongoing work with regard to the Secretary-General's High-level Panel on System-wide Coherence and the deliberations relating to the United Nations Development Programme (UNDP) strategic plan.

**(c) South-South cooperation for development** (*continued*) (A/C.2/62/L.3)

*Draft resolution on South-South cooperation*

3. **Mr. Khan** (Pakistan) introduced draft resolution A/C.2/62/L.3 on behalf of the Group of 77 and China.

**Agenda item 52: Macroeconomic policy questions** (*continued*)

**(a) International trade and development** (*continued*) (A/62/15 (part I and Corr.1 and Corr.2, part II and Corr.1, part III and Corr.1, and part IV), A/62/71-E/2007/46, A/62/210 and A/62/266

4. **Mr. Valenzuela** (European Community), speaking on behalf of the European Union; the candidate countries the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, and Montenegro; and, in addition, Armenia, Georgia, Moldova and Ukraine, said that trade was needed to foster economic growth and generate resources to fight poverty. While trade alone could not solve development problems, openness to trade and support for supply capacity were important elements of any coherent development strategy. Countries must have sufficient access to export markets, and exported goods and services must be able to compete with local products or products imported from other countries. To that end, developing country trade policy must encourage competitiveness and ensure inputs for industries at competitive prices. The role of trade in development was, therefore, dependent on the trade and aid policies of both developed and developing countries. All States had a shared interest in concluding a global deal on trade that reinforced openness on a multilateral basis through the application of strengthened trade rules. As stated in the Secretary-General's report on international trade and development (A/62/266), a balanced, equitable and development-oriented outcome could improve the prospects for economic growth and development, and contribute to achieving the Millennium Development Goals.

5. The European Union hoped that the outcome of the Committee's deliberations on trade and development would convey a message of unity with regard to the goal of a successful and rapid pro-development conclusion of the Doha Development Round. Developing and developed countries alike stood to benefit from the goods and services trade deal currently under negotiation, which was worth over $200 billion a year. A successful conclusion of the Doha Round would make current levels of openness largely irreversible. If the Doha Round failed, however, the credibility of the World Trade Organization (WTO) would be badly damaged, particularly in the developing world. The cost of failure would fall disproportionately on smaller and weaker developing countries, particularly the least developed countries.

6. Contrary to what many people thought, the Doha negotiations had been moving forward and a deal had almost been reached on key issues. In the coming weeks, a compromise should emerge that could satisfy

the world community. The current opportunity was the last chance for WTO members to agree on the modalities of a deal on the basis of the proposals issued by the respective Chairmen of the negotiating groups on agriculture and non-agricultural market access. That momentum must now be used to achieve satisfactory outcomes on the other issues on the agenda. In producing their proposals, the Chairmen had put pressure on key players in the area of the so-called "negotiating triangle" — agricultural market access, non-agricultural market access and domestic subsidies — who must now demonstrate a spirit of compromise and constructiveness, and a genuine will to commit to an ambitious, comprehensive and balanced agreement. The Chairmen's texts must be accepted by all WTO members as a basis for negotiations. A further round of discussions would be needed if a deal was to be reached by the end of the year. Whether or not that happened depended entirely on the negotiating engagement and flexibility of members.

7. The European Union had made every effort to maintain the momentum, including by demonstrating genuine flexibility on agricultural market access. Other key players must now make an appropriate contribution too. The United States needed to accept more specificity on its domestic subsidies in agriculture, including cotton, and the major emerging economies should provide real new market access by cutting their tariffs on industrial products in a reasonable and proportionate way and by advancing proper negotiations on agricultural special products and access to the farm markets of developing countries. Already very competitive emerging economies must contribute to the expansion of trade flows resulting from the current Round. They were the growth markets of the future and should therefore bolster confidence in the negotiations by making it clear that they were ready to engage on the basis of the Chairmen's negotiating texts.

8. If those texts were replaced by new proposals, there would be a sharp reduction in new opportunities for developing countries to trade and the already limited progressive liberalization contained in them would be further diluted. Currently, only about 28 WTO developing country members would have to apply a tariff-cutting formula. Other developing country members were unaffected because of their least developed country or small and vulnerable economy status or because they were exempt under the provisions of paragraph 6 of annex B of the July package adopted by WTO in August 2004.

9. The Doha Round must deliver on its development promise. Even though the Chairmen's texts did not take the development dimension into account, the European Union would watch carefully to ensure that such issues as aid for trade, duty- and quota-free access, and measures against preference erosion were adequately taken into account. WTO members, with the European Union in the lead, were working to raise the quantity and quality of aid for trade available to developing countries. The European Union had just adopted the European Union Strategy on Aid for Trade, which was aimed at enabling all developing countries, especially the least developed countries, to better integrate into the world trade system and to use trade more effectively in the eradication of poverty. The Strategy aimed to increase the European Union's trade-related assistance to €2 billion a year from 2010. The European Commission had already met its €1 billion a year target; the remaining 50 per cent would come from European Union member States. In addition, the European Union was providing considerable assistance for broader aid for trade objectives, such as supply-side capacity-building and trade-related infrastructure.

10. A failure to reach agreement on modalities by the end of the year would make an early conclusion of the Doha Round extremely unlikely. In a context of global turbulence, such a negative signal might have amplified repercussions. The international community needed instead to boost investors' confidence, lock in the current level of openness in the global economy, and guard against future recession and protectionism. One way to do that was to conclude a deal now. The European Union would redouble its efforts in that regard and asked its partners to do the same.

11. **Mr. Forshaw** (Australia), speaking on behalf of the Cairns Group, said that a pivotal moment had been reached in the Doha Round for agriculture. Intensive work was under way in Geneva and all members, particularly those with most agricultural support and protection, needed to demonstrate maximum flexibility. An undistorted, smoothly functioning global trading system was key to lifting millions of people out of poverty. Yet, for decades, restrictive market access barriers and high subsidies had compromised the ability of unsubsidized farmers to participate in global agricultural trade. Failure to conclude the Doha Round

would be a major blow for development, agricultural trade reform and the multilateral trading system. The Cairns Group therefore remained committed to securing an ambitious and balanced outcome to the negotiations.

12. There were vital issues to resolve in each pillar of the negotiations. On domestic support, the three largest subsidizers — the European Communities, the United States and Japan — must significantly reduce their trade-distorting domestic support. On export competition, the Round must be concluded in order to lock in agreement on eliminating export subsidies. The Cairns Group would continue to seek effective disciplines on such other export mechanisms as export credits and the disposal of surplus commodities in the guise of food aid. On market access, there was an urgent need to agree on approaches to tariffs that would break down the barriers that had long hampered the full development of agricultural trade. Moreover, the circumstances of developing countries needed to be recognized through appropriate special and differential treatment. By translating that principle into practical provisions consistent with the overall reform agenda, WTO would be able to continue to support developing countries' economic development needs.

13. Trade-distorting support, export subsidies and market access barriers blocked the potential contribution of agricultural trade to economic development and therefore contributed directly to the continued impoverishment of developing countries. There could be no successful outcome to the Doha Round without a substantial package of agricultural reforms.

14. **Mr. Natalegawa** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), which associated itself with the statement made on behalf of the Group of 77 and China, said that the present prevalence of global poverty was unacceptable, particularly given the unprecedented level of total wealth in the world. An open, non-discriminatory, rules-based international trading system focused on development would enable millions of people to escape poverty and enjoy a better quality of life. It was regrettable that such a system had still not been realized. Developing countries had asked for nothing new, only that WTO negotiations were kept in line with the Doha Development Agenda, the July 2004 framework agreement and the 2005 Hong Kong Ministerial Declaration. If the Doha Round was to be concluded by the end of the year, the multilateral negotiations initiated in September needed to move faster. In that connection, ASEAN supported the efforts of the Chairmen of the negotiating groups on agriculture and non-agricultural market access and of the WTO Director-General in building consensus on an ambitious and balanced outcome in the months ahead.

15. ASEAN was committed to concluding the Doha Round as soon as possible and, as a group of developing countries with open economies, attached great importance to the Doha negotiations. Strengthening the multilateral trading system was critical for the economic growth and development of its members. ASEAN reiterated its support for the WTO membership bid of the Lao People's Democratic Republic, which, as a landlocked least developed country, must be further assisted in upgrading its trade competitiveness, including by developing efficient transit transport systems and simplifying customs procedures.

16. A successful Round would benefit developing countries and the least developed countries by ensuring market access through reductions in tariffs, trade-distorting domestic subsidies and trade barriers. WTO members must make progress on those issues and also be prepared to review and make necessary adjustments to their positions. Furthermore, the principle of special and differential treatment should be recognized and translated into practical provisions. At such a pivotal moment in negotiations, members must resist the temptation to blame others and focus instead on breaking the deadlock.

17. It was also critical to build national capacities for trade. The United Nations development system, in particular the United Nations Conference on Trade and Development (UNCTAD), played a critical role in that regard. ASEAN acknowledged the valuable work of UNCTAD and encouraged it to lead the way in championing the needs of the developing world. ASEAN members hoped to play a constructive role in UNCTAD XII, to be held in Ghana in 2008.

18. ASEAN was fully committed to the multilateral trading system. However, there were additional possibilities for improving growth regionally. Despite natural disasters, high oil prices and the persistent threat of avian influenza in some parts of the region, ASEAN economies had grown on average by 6 per cent in 2006. ASEAN had accounted for over 8 per

cent of Asia's total GDP in recent years and had generated approximately 22 per cent of its total exports. With Asia's GDP growth poised to reach 8.1 per cent in 2007 and 7.9 per cent in 2008, ASEAN was aiming even higher in its efforts to achieve the internationally agreed development goals by 2015.

19. ASEAN members were working together to establish the ASEAN Economic Community by 2015 and to strengthen ASEAN cooperation on trade. A key area of cooperation was the ASEAN Free Trade Area (AFTA) agreement's Common Effective Preferential Tariff (CEPT) scheme, which aimed to reduce tariffs and erase all non-tariff barriers for manufactured, agricultural and other non-agricultural products. The scheme had been in place since 1993. Currently, 98 per cent of all ASEAN products and 97 per cent of its least developed members' products were on the CEPT-AFTA inclusion list. The process had helped ASEAN sustain a positive trend for its trade performance.

20. International trade must continue to be a powerful engine for growth. The Doha Round needed to be concluded successfully and the development aspirations of developing countries integrated into the multilateral trading system, the credibility of which would otherwise be undermined.

21. **Mr. Hossain** (Bangladesh), speaking on behalf of the least developed countries, said that international trade could expand markets, raise productivity and increase exposure to new technologies, driving growth and development. However, none of that came automatically. The Programme of Action for the Least Developed Countries for the Decade 2001-2010 outlined the importance of international trade in generating resources for growth and development in the least developed countries and identified areas where such countries needed international assistance in building their trade capacity. Regrettably, very little assistance had been received thus far.

22. According to the Secretary-General's report (A/62/266, para. 3), world merchandise exports had increased by 14.8 per cent in 2006. However, despite significant efforts, the least developed countries had not gained from trade. While it might be statistically correct that their share in world merchandise trade had risen from 0.79 to 0.83 per cent, a deeper analysis would reveal that much of that increase had been due to oil exports. Exports in non-oil goods had increased significantly in volume but only somewhat in value. The 50 least developed countries' export share had reached 2.5 per cent in 1960, after which it had continued to fall until 1995. Even though there had been some improvement since then, they were still a long way from regaining the share they had enjoyed in 1960.

23. Least developed country exporters faced increasing competition. Despite adopting sound macroeconomic policies and relatively open trade regimes, many low-income countries had been marginalized in the world economy. As noted in the Secretary-General's report (A/62/266, para. 15), the least developed countries had faced particular developmental challenges from liberalization. Many had seen a decreasing share in world trade and income, and an increasing incidence of extreme poverty. If the current trend continued, the number of people living in extreme poverty would continue to increase. To reverse that trend, the least developed countries must be better integrated into the world economy.

24. The current trading system was biased against the least developed countries, owing, inter alia, to harmful subsidies, tariff escalation schemes, non-tariff restrictions, fluctuating terms of trade, and artificial standards imposed by industrialized countries. Those trends must be reversed. Developed countries should provide duty- and quota-free market access for all least developed country products, without any restrictions.

25. South-South trade had significantly increased in recent years. However, the least developed countries — already marginalized in North-South trade — were increasingly marginalized in South-South trade too. While the share of least developed country imports originating in other developing countries had increased, the share of developing country imports originating in the least developed countries had decreased. To counteract such imbalances, more industrialized developing countries needed to open their markets to least developed country exports. He welcomed the initiatives taken by some developing countries in that regard and encouraged others to do the same. South-South trade could be further stimulated by the third round of negotiations of the Global System of Trade Preferences. He called for an early conclusion of those negotiations and encouraged all developing countries to join the initiative.

26. Agriculture was critically important for many least developed countries, contributing significantly to

national income, employment and rural development. Regrettably, the sector continued to be the most distorted, with high border protection and subsidies, and the price of agricultural products on the international market was generally low and volatile. Unless such issues were addressed, a number of least developed countries would be unable to achieve the internationally agreed development goals.

27. The services sector had huge potential. As noted in the Secretary-General's report (A/62/266, para. 3), world services exports had grown by 9.7 per cent in 2006. However, while the share of developing countries had increased from 23.8 to 24.5 per cent, the share of least developed countries had remained unchanged at 0.46 per cent. That was even lower than their share of trade in goods. The categories of service provider for which the least developed countries enjoyed a comparative advantage were subject to a variety of restrictions on access to other countries. That issue deserved immediate attention.

28. Multilateral negotiations at WTO offered a framework for addressing movement of labour under mode 4 of the General Agreement on Trade in Services (GATS). However, little progress had been achieved thus far. A successful conclusion of the Doha Round would require a concrete outcome in services negotiations with special treatment for the least developed countries. He called on developed countries to liberalize their markets for all categories of service providers from the least developed countries, in particular under mode 4 of GATS.

29. Capacity-building was critically important. The least developed countries required considerable investment in order to build infrastructure, develop productive capacity and create a productive environment. Domestically mobilized resources could not meet their growing needs. They also faced huge adjustment costs, owing to preference erosion, loss of tariff revenue, loss of employment and the expiry of the Agreement on Textiles and Clothing. The Aid for Trade Initiative should help the least developed countries build trade capacity. They should also be fully compensated for the erosion of preferences.

30. The current international intellectual property rights regime posed a major challenge to least developed country access to knowledge, technological learning and innovation. It mostly favoured the producers and holders of intellectual property rights, most of whom were found in developed countries, and therefore further widened the knowledge asymmetry between the least developed countries and other countries. To benefit from modern technologies, the least developed countries needed full flexibility under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). The international community should consider further waivers, and new and realistic deadlines for compliance with that Agreement. He called for a regime that helped the least developed countries achieve their development goals.

31. A considerable number of least developed countries faced difficult challenges during the WTO accession process. Accession negotiations often led to stringent liberalization and reform commitments that were disproportionate to their level of development. He called on WTO members to seek from those least developed countries wishing to join WTO only commitments that were commensurate with their level of development, as established in the Programme of Action for the Least Developed Countries for the Decade 2001-2010.

32. Lastly, while the resumption of the Doha Round negotiations was encouraging, they needed to move faster if they were to conclude on time. The support of the international political leadership was crucial in that regard. He called on the international community to conclude those negotiations as early as possible. The special needs and interests of the least developed countries must be placed at the heart of the Doha Round and its final outcome.

33. **Mr. Ehouzou** (Benin), speaking on behalf of the African Group, said that many African countries still did not have the basic infrastructure needed to take advantage of the opportunities provided by market access and suffered from a limited capacity to produce and supply goods for trade. Africa represented about 13 per cent of the global population but accounted for only 3 per cent of international trade. Given the phenomenal increase in goods and services around the world, an increase in Africa's share of trade would represent a significant increase in revenue. Despite the remarkable progress over the past three years thanks to regional and bilateral programmes and initiatives, several African countries were still facing a multitude of domestic and external challenges, particularly due to inadequate national infrastructure and an unfavourable international trade environment.

34. Building productive capacities and investing in infrastructure were therefore essential for trade, economic development, poverty reduction and the timely realization of the Millennium Development Goals in Africa. Technical assistance was also necessary to help African countries to integrate trade into their development and poverty reduction strategies and to establish partnerships between the private and public sectors. Moreover, African countries primarily needed a final agreement on the Doha Round to include such key areas as agriculture, market access for agricultural and non-agricultural products, services and trade facilitation. A clear and adequate response would be needed to essential capacity-building issues as well as progress on the elimination of barriers in the agricultural sector. Market access was by far the greatest asset for achieving the Millennium Development Goals in Africa.

35. In the context of the current Doha Round, well-structured and managed aid for trade could be an important means of bringing development to African countries. However, aid for trade was no substitute for a successful outcome to the Doha Round. The funds allocated to aid for trade therefore must not jeopardize traditional development assistance, such as ODA. They must be additional, predictable and sustainable resources.

36. Ownership of the aid for trade initiative by African countries was essential in order to incorporate their specific needs. Africa must therefore be given a prominent place in the decision-making and implementation process for that mechanism at the national and regional levels. African programmes and institutions, such as the New Partnership for Africa's Development (NEPAD), the Economic Commission for Africa, the African Development Bank and the African Union, should also be involved in that process. In that connection, he welcomed the conference on "Mobilizing Aid for Trade: Focus on Africa", held on 2 and 3 October 2007 in Dar es Salaam. Donor countries and international financial institutions should continue their efforts to provide more and better aid for trade to Africa. Donor countries should make use of effective distribution systems which allowed the rapid deployment of funds so as to reduce red tape.

37. The final agreement on the Doha Round must take the following African concerns into account and address them appropriately: the elimination of unfair and disruptive agricultural subsidies in rich countries; preference erosion and implementation costs associated with trade agreements; duty-free and quota-free market access for the least developed countries; the issue of cotton; non-agricultural market access; technical assistance and capacity-building; aid for trade; and special and differential treatment.

38. **Mr. Nguyen Tat Thanh** (Viet Nam) said that the United Nations should play a more proactive and important role in global trade issues, particularly by providing the much-needed political impetus to guide the Doha Round to a successful conclusion. A fair and balanced outcome of the Doha Round could yield significant results by helping developing countries to achieve their development goals and to reduce poverty. However, for the benefits of trade to be shared in a more equitable manner, the developed countries must resist protectionist pressures and take action before it was too late.

39. Viet Nam had engaged in significant trade and investment liberalization over the previous 20 years, which should be fully supported by all countries and seriously taken into consideration in regional and multilateral trade negotiations. The recent accession of Viet Nam to WTO had given a welcome boost to its trade relations with the rest of the world and bilateral trade was expected to increase by 20 per cent in 2007. Economic growth, expected to reach a record high of 8.5 per cent in 2007, had been widely shared among the population and the poverty rate was expected to fall to 14 per cent within five years. If current trends continued, Viet Nam would graduate from its current status as a low-income developing country by the end of 2008.

40. Viet Nam was committed to transforming ASEAN into a region with free movement of goods, services and investment by 2015. ASEAN was also looking forward to completing its free-trade negotiations with Japan shortly. Similar agreements with the European Union, Australia, New Zealand and other countries were also within reach. At the same time, Viet Nam attached the utmost importance to South-South cooperation and to collaborating with various specialized agencies of the United Nations and other organizations.

41. **Ms. Zvereva** (Russian Federation) said that the report of the Trade and Development Board (A/62/15) showed the increasing importance of developing countries in international trade. Since international

trade was a dynamic force for economic growth and poverty reduction, her delegation advocated the steady liberalization of global trade which, as far as possible, should take into account the specific socio-economic and political conditions of individual countries and regions.

42. The Russian Federation was helping to realize the potential of international trade as an instrument for development by lowering import duties and applying a special preferential regime to imports from the vast majority of developing countries. With respect to goods from the least developed countries, no quantitative restrictions on imports were applied and no anti-dumping, countervailing or protective measures had been introduced.

43. Her delegation supported the objectives of the Doha Round and believed that it was necessary to give political impetus to those negotiations in order to bring them to a swift conclusion. The Russian Federation was currently participating in the Doha Round as an observer and many of the issues under consideration directly concerned its present and long-term interests. Active participation in multilateral trade negotiations was one of the main objectives of the Russian Federation. Once it had become a fully fledged member of WTO, the Russian Federation would be prepared to make a constructive contribution to resolving the current problems facing the world trade system, including through the development of balanced rules that could help to eliminate imbalances in world trade. However, his country would accede to WTO only on terms that were acceptable to the Russian Federation and to producers in the various sectors of the Russian economy.

44. **Mr. Ngor** (Sudan) said that the speedy conclusion of the Doha Round and the implementation of its development dimensions was of critical importance for developing countries, particularly the least developed countries. Developed countries must demonstrate sufficient flexibility in those negotiations to preserve the stability, reliability and credibility of the multilateral trading system.

45. The Sudan strongly appealed to WTO members to facilitate its accession to that body. Since agriculture was a major economic sector, the Government was focusing on policies that addressed, inter alia, land reforms, free market policies, removal of trade barriers to agricultural products, privatization and alleviation of the tax burden on agriculture. However, the Sudan would require the support of the international community to complement its national reconstruction and developmental activities, particularly through efforts to facilitate accession of the Sudan to WTO. Moreover, in order to benefit from the open global economy, the Sudan needed not only lower tariffs and improved market access but also enhanced supply capacities.

46. The imposition of unilateral economic sanctions on the Sudan since 1997 was a flagrant violation of the principles of international law and free trade enshrined in the Charter of the United Nations. The General Assembly had repeatedly condemned such coercive measures and had consistently urged the international community to take urgent and effective action to eliminate their use. His delegation therefore called on the international community to uphold the principles enshrined in the Charter.

47. **Mr. Murakami** (Japan) said that a successful and early conclusion of the Doha Round was more important than ever. Developing countries must be integrated in the multilateral trading system, especially WTO, as equal beneficiaries and participants. At the current critical stage in the negotiations, his country would participate constructively with a view to achieving a comprehensive and balanced outcome.

48. While enhanced access to world markets was important, developing countries also needed to improve their productivity and infrastructure and establish market channels for their products. At the same time, developed countries would need to avoid a one-size-fits-all approach to aid for trade and instead provide tailor-made assistance in order to address the specific needs of the recipient countries.

49. Japan would continue to provide aid for trade through its "Development Initiative for Trade", launched at the WTO Hong Kong Ministerial Conference in 2005, which sought to help developing countries to boost their exports by providing support at every step, from production to marketing. As part of that Initiative, Japan was promoting the export of local goods and extending loans for the construction of roads, ports and other infrastructure. In April 2007, Japan had also expanded its duty- and quota-free treatment to 98 per cent of products from the least developed countries.

50. Developing countries should create favourable environments for foreign direct investment by improving their relevant laws and regulations, by enhancing transparency and by strengthening their infrastructure. Japan was taking a multi-layered approach to support the efforts of developing countries to attract investment and private capital. Its economic partnership agreements included elements of free trade as well as rules on investment, intellectual property rights and competition policy. Such agreements also provided mechanisms for cooperation and for the solution of the daily problems encountered by investors. There could be no doubt that a strong multilateral trading system was crucial for development and also for the stability and prosperity of the entire world. His delegation therefore hoped that the Committee's deliberations would help to create the political will necessary for the conclusion of the Doha Round.

51. **Ms. Knight** (United States of America) said that opening the doors to trade across the globe was pivotal for reducing poverty and promoting opportunity and prosperity for all. Since trade and development were inextricably linked, a global environment that supported the free flow of trade would foster growth and benefit everyone. The United States was therefore pursuing the further liberalization of trade through the WTO negotiations. Countries that opened their doors to trade had been shown to enjoy meaningful gains in their economic growth and to significantly reduce levels of poverty. Such countries must share their best practices so that others might emulate them.

52. The time had come to increase participation in the international trading system and to resist using the Committee as a forum for repetitive hollow rhetoric. To that end, the United Nations should better mobilize its resources and work with other organizations, including WTO, the Bretton Woods institutions and regional development banks, to build trade capacity in those countries that had not harnessed globalization to the best of their ability. The United Nations had the means to effect real change but it must ensure a coordinated international modus operandi for such efforts.

53. An environment open to trade was also less likely to tolerate costly economic distortions and more likely to create jobs and foster innovation and entrepreneurship. The combination of open markets, good governance and a commitment to sound economic policy created unlimited opportunities. The Committee's discussions on international trade and development should focus on ways to bring all countries to the international market to sell their goods and provide their services. Long-winded discussions on the merit of trade liberalization were dated and unproductive. It was time to act.

54. Countries could gain increased access to the world economy without waiting for the completion of protracted negotiations by lowering tariffs, reducing non-tariff barriers to imports and using existing aid-for-trade assistance. When combined with United Nations technical assistance on the ground, such policies could foster growth and help to eradicate poverty. Protectionist measures, on the other hand, only introduced distortions and stifled efficiency, creating powerful disincentives to trade. Each country was ultimately responsible for its own development: those that promoted good governance, fought corruption and were open to trade could succeed in their development goals and achieve significant gains.

55. **Mr. González** (Cuba) said that the Doha Round must be completed soon. The serious asymmetries, inconsistencies and inequalities of the current trading system must be eliminated. WTO must follow transparent, flexible and expeditious procedures to facilitate the admission of developing countries, which must be provided with technical assistance. Only a handful of developing countries had experienced improvements in their market access and their share in trade. Progress towards development through trade could not be achieved through liberalization alone; the developing countries needed to receive special and differentiated treatment based on their level of development.

56. The huge subsidies granted by developed countries to their producers were distorting world trade and raised questions about the credibility of the current trade system. The implementation of coercive economic measures, unilateral sanctions and laws and regulations with extraterritorial effect against developing countries also threatened freedom of trade and investment. One example of such measures was the brutal blockade that had been imposed for over 47 years by the United States Government against Cuba, causing serious harm to the economy and the people of Cuba.

57. UNCTAD must be provided with the necessary financial support to enable it to fulfil its mandate.

58. **Ms. Blum** (Colombia) said that the delays in completing the Doha Round had led to a proliferation of bilateral and regional agreements, as countries tried to find other ways to open up their trade. Opportunities for multilateral trade should be promoted, subsidies and barriers should be reduced and eliminated, and clear rules should be developed so as to allow the free flow of trade in goods and services. Above all, the key objective of the system should be to promote development and reduce the current imbalances in the global economy.

59. In 2002, Colombia had embarked on a new phase in the internationalization of its economy. It had signed free trade agreements with its partners in the Andean Community and Mexico and was a party to the integration agreement between the Andean Community and MERCOSUR. Its agreements with Chile and the northern triangle of Central America (El Salvador, Honduras and Guatemala) would soon enter into force. It had signed a free trade agreement with the United States that was in the process of being approved. Her Government had begun negotiations with the countries of the European Free Trade Association, as well as with Canada and the European Union. By 2010, it hoped to have concluded free trade agreements with more than 50 countries. On the multilateral front, Colombia had participated actively in the Doha negotiations. The conclusion of the Doha Round should be a priority for both developed and developing countries. Her Government looked forward to UNCTAD XII, to be held in Accra in 2008.

60. **Mr. Yao** Wenlong (China) said that the Doha Round should be completed at an early date, giving high priority to development issues. His Government advocated the establishment of a development-oriented trading system and expansion of the role of UNCTAD. It was estimated that, by 2010, China's annual imports would exceed one trillion dollars. China's economic development would provide vast space for the development of other countries. The Chinese Government would continue to strengthen mutually beneficial economic and trade cooperation with all countries.

61. **Mr. Kyaw Moe Tun** (Myanmar) said that better market access should be given to agricultural products from developing countries, and export subsidies should be eliminated. Aid for Trade must be accompanied by the necessary enabling environment, including measures to assist developing countries in capacity-building, infrastructure and market development. High industrial tariffs imposed on labour-intensive manufactures and processed goods restricted the access of developing countries to global markets. An early agreement on tariff reduction must be achieved so as to provide equal market opportunity for manufactured goods from developing countries. His delegation welcomed the implementation of duty-free and quota-free market access for exports from least developed countries. Likewise, all developing countries should be accorded adequate policy space and special preferential treatment. Enhancement of technical assistance was essential to enable the developing countries to implement trade facilitation.

62. Development assistance to developing countries should not be politicized under any pretext. Unilateral economic measures as a means of political and economic coercion had a negative impact on the economy of the targeted countries and caused undue hardship and poverty for the people. Such measures violated freedom of trade and navigation and deprived the people of the legitimate right to development.

63. Myanmar's economy relied on exports of primary commodities; its exports had increased from US$ 851 million in 1991-1992 to US$ 3.5 billion in 2005-2006. In the same year, his country had had a trade surplus of US$ 1.5 billion. The increase in external trade had been mainly attributable to the Government's encouragement of the private sector, promotion of border trade and expansion of trade with the ASEAN +3 countries.

64. **Mr. Acharya** (India) said that the development dimension was essential to progress in the Doha Round of trade negotiations. Agriculture remained the core issue in those negotiations, and developed countries must demonstrate flexibility and move towards genuine reduction and elimination of subsidies for their commercial farmers. It was unfair to link negotiations on agriculture with those on non-agricultural market access. The principles of "less than full reciprocity" and "special and differential treatment" must be fully respected. It was also important to ensure liberalized, commercially meaningful and effective market access under mode 4.

65. Early action was needed on the development-related mandate concerning TRIPS. Flexibility must be allowed in the TRIPS agreement for public health concerns, and such flexibility should be extended to

climate-change technology transfer. Intellectual property rules should fully support the objectives of the Convention on Biological Diversity, particularly with regard to disclosure, prior informed consent and equitable benefit sharing. The Committee should consider setting up a special committee of experts in order to expedite action on those issues.

66. Efforts to promote trade must take into account the special needs of many developing countries, particularly small island developing States, landlocked developing countries and least developed countries. The Aid for Trade Initiative must be fully operationalized. Developed countries must implement their commitments to lower preferential rates to zero and enhance the utilization of Generalized System of Preference schemes by rationalizing rules of origin. By the end of 2007, least-developed-country imports into India would face a zero tariff regime. India also provided assistance to numerous other developing countries, particularly in Africa, through its technical assistance programme.

67. **Mr. Gerus** (Belarus) said that the lack of progress in the Doha Round stemmed mainly from the unwillingness of certain WTO members to consider development as one of the main issues in the talks. Instead, those members were merely seeking further tariff liberalization and greater access to the services market in developing countries.

68. The terms of international trade must be made favourable to developing countries, and participants must be given as little room as possible for political manoeuvring. Otherwise, a paradoxical situation arose in which countries stated in the General Assembly that they supported development and wished to end poverty, while their representatives at trade talks blocked the creation of real mechanisms that would benefit developing countries.

69. A similar paradox arose in the process of joining WTO. Countries that applied for membership were expected to fulfil strict and discriminatory economic reform obligations that were much more onerous than the ones set for current members at a similar stage of development. Political considerations were beginning to influence the WTO membership process; some members had even taken it upon themselves to block the entry of others. Unless steps were taken immediately to restore equitable conditions for membership, the global trading system would become paralysed.

70. Another problem was the imposition of unilateral coercive trading measures that violated the principles of the United Nations Charter. It was absurd when economic sanctions imposed in the name of workers' rights actually led to job losses.

71. UNCTAD could play a major role in solving those problems. He hoped that practical steps would be taken at UNCTAD XII in April 2008 to make that body more effective in assisting developing countries and countries with economies in transition.

72. **Ms. Lim** Ai Teng (Singapore) said that, as a major trans-shipment hub, Singapore understood the importance of a free trade regime. She called for moderation and flexibility in the ongoing Doha Round. Success could lift millions of people out of poverty, whereas failure could hurt the credibility of WTO and jeopardize the multilateral trading system. Developed countries should take bold steps to ensure market access to developing countries, while the latter must accept compromises.

73. In September 2007, Asia-Pacific Economic Cooperation (APEC) leaders had pledged their commitment to resuming the Doha talks. ASEAN too was promoting economic integration through the ASEAN Free Trade Area initiative and negotiations on free trade agreements with major partners such as Japan, Korea, India, Australia and China.

74. Despite the significant growth in the GDP of developing countries noted in paragraph 3 of the Secretary-General's report (A/62/266), more work must be done on poverty eradication. She therefore welcomed the Secretary-General's efforts in that regard, including the convening of the Millennium Development Goals Africa Steering Group.

75. **Mr. Jallow** (Gambia) said that, in recent years, an increasing number of developing countries had liberalized their trade regimes even as developed countries moved towards greater protectionism, which exacerbated the problems of poverty and development. Developing countries were playing an ever larger role in world trade, giving rise to a buoyant global South. Nonetheless, there was concern that small and vulnerable States, in particular, had not benefited significantly from trade liberalization and globalization. He therefore concurred with the

Secretary-General that the stakes were high for bringing the Doha Round to a successful conclusion.

76. While development was an integral part of the Doha Development Agenda, agriculture was lagging behind manufacturing in the establishment of multilateral regimes and the reduction of trade barriers. Since most of the world's poor made their living from agriculture, they were seriously jeopardized by distortions in agricultural production and trade caused by the export subsidies, domestic support and protectionism of many developed countries.

77. To benefit from international trade, developing countries required, firstly, greater and predictable market access; secondly, agricultural policy reform and equitable trading rules; and, thirdly, special treatment within an ambitious aid for trade partnership.

78. Developed countries should show flexibility and political will in order to end the impasse in WTO negotiations. The accession of all developing countries — and particularly of the least developed countries and those emerging from conflict — should be facilitated.

79. He urged the donor community to increase funding to UNCTAD, which would enable it to enhance assistance to developing countries and seek ways to foster greater coherence between the multilateral trading system and the international financial system.

80. Finally, his delegation condemned the practice of imposing laws and coercive economic measures, including unilateral trade sanctions, against developing countries.

81. **Mr. Heller** (Mexico) said that he concurred with the observations made by the Secretary-General in his report (A/62/266) that international trade played a major role in development; that full and predictable access to markets in developing countries was necessary if developing countries were to benefit from globalization; and that development must be central to the Doha Round of trade talks. The production capacity of developing countries must be increased in order to stimulate their internal and external economic activity. His Government was committed to the Doha Round and would continue participating actively.

82. The Second Committee should signal the urgency of concluding the Doha Round in a manner that was acceptable to all participants. It should therefore focus mainly on the political message that it wished to deliver, and on subjects that garnered general agreement — such as sustainable development and the importance of trade as an engine of economic growth — rather than on contentious matters that were under negotiation in other forums.

83. **Mr. Ali** (Syrian Arab Republic) said that it was unfair of the developed countries to demand concessions from the developing countries above and beyond what they themselves were able to offer. Agriculture was widely accepted as fundamental to developing-country economies, yet the efforts of those countries to eradicate hunger and poverty were undermined by the international trade distortions in agricultural products. A more realistic and flexible approach on the part of developed countries was therefore vital in the context of the Doha Round.

84. His country, which remained committed to multilateral trade, sought to balance its domestic and foreign trade policies by, inter alia, pursuing trade reform and liberalization, improving the competitiveness and quality of its products, promoting the export of goods and services, investing in human capital and developing its monetary and banking systems. Despite the successes achieved, however, consideration of the Syrian application for WTO membership, first submitted in 2001, had not yet even been placed on the WTO agenda for reasons which he attributed to the political motives of certain influential WTO member States. Emphasizing that the WTO membership process should be neither politicized nor used as a means of political coercion, he drew attention to the need for compliance with General Assembly resolution 61/186, which called for facilitating the accession of all developing countries that applied for WTO membership.

85. The Syrian Arab Republic was still subject to the unilateral trade sanctions imposed against it by the United States in 2004. In 2006, moreover, despite the suffering already caused by the Israeli occupation of Palestinian territories, the United States, together with Israel, the European Union and other countries, had imposed harsh unilateral economic measures against the Palestinian people, the impact of which was detailed in the report of the Secretary-General on the subject of such measures (A/62/210). Equally noteworthy was the new recommendation of the Israeli Minister of Defense to reduce electricity supplies to the Gaza Strip, which was home to 1.5 million

Palestinians. In a similar move, the United States Secretary of State had also now declared new unilateral economic sanctions against the Islamic Republic of Iran.

86. The continuing imposition of such measures in violation of the principles of international law and international trade rules had serious implications insofar as it would ultimately undermine confidence in the viability of the multilateral trading system and in the commitment of developed countries to an open, transparent, predictable, non-discriminatory and fair international trading system that promoted achievement of the Millennium Development Goals. In that context, he condemned the use or encouragement of unilateral measures of any kind as a means of coercing a State to subordinate the exercise of its sovereign rights to another State. He also called for compliance with General Assembly resolution 60/185 on that subject, the adoption of which had been opposed by the United States alone.

87. **Mr. Matenje** (Malawi) appealed to the developed countries to fulfil their promise to increase ODA, which had been declining over the years, so that developing countries such as his own could achieve the Millennium Development Goals by 2015.

88. To achieve sustainable growth, developing countries must be able to participate equitably in the global trading system. Access to agricultural commodity markets was especially vital for countries such as Malawi and his delegation was therefore deeply concerned about the impasse in the Doha Round, which must maintain its focus on agriculture and development. He called for the elimination of trade barriers and subsidies for agricultural products, which prevented developing countries from realizing their comparative advantage. Although trade was the most effective way to achieve economic growth and reduce poverty in the least developed countries, additional and predictable aid for trade was also essential to help those countries build planning and management capacity, enhance trade infrastructure and meet the high costs of adjusting to liberalized trade. UNCTAD had done valuable work to address the needs of countries whose economies relied on commodities trade. Those countries needed further assistance, however, in diversifying and restructuring their commodity sectors to make them more competitive.

89. **Mr. Issetov** (Kazakhstan) endorsed the Secretary-General's view that developed countries must fulfil their development commitments within the context of the Doha Round. They must, therefore, grant access to all markets, free of tariffs or quotas. His Government, for its part, had already done so.

90. The special and differential regime for certain groups of countries should be better defined and operationalized. Particular attention should be given to the challenges faced by countries with small and restricted economies, including landlocked developing countries, which were marginalized mainly because of the high cost of trade entailed by their lack of access to seaports and their distance from markets. Furthermore, many landlocked developing countries, including Kazakhstan, were still not members of WTO and were excluded from the mainstream of international trade. The special needs of those countries should be considered when establishing prerequisites for their membership.

91. The establishment of regional economic, trade and customs areas was crucial in helping developing countries to overcome the negative effects of globalization. The decision taken in Dushanbe in October 2007 to form a customs union comprising Belarus, Kazakhstan and the Russian Federation was therefore an important step towards integrating those countries within the global system of trade. It would enhance the competitiveness and the conditions for comprehensive development in those States.

92. The decisions and recommendations of major international forums on trade must be acted on if countries with small and landlocked economies were to receive the benefits that had been repeatedly evoked in New York, Monterrey, Johannesburg, Doha, Brussels, Barbados and Almaty. He hoped that the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, to be held in Doha in 2008, would provide the impetus needed to implement the agreement reached in Monterrey.

*The meeting rose at 1 p.m.*